105TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { 105–610

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999

JULY 8, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. LEWIS of California, from the Committee on Appropriations, submitted the following

REPORT

Together with

ADDITIONAL VIEWS

[To accompany H.R. 4194]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1999, and for other purposes.

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49–578

Summary of the Bill

The Committee recommends $93,300,545,030 in new budget (obligational) authority for the Departments of Veterans Affairs and Housing and Urban Development, and 18 independent agencies and offices. This amount is $3,276,282,030 above the 1998 appropriations level.

The following table summarizes the amounts recommended in the bill in comparison with the appropriations for fiscal year 1998 and budget estimates for fiscal year 1999.

SUMMARY OF BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL

	Appropriated 1998	Budget estimates, 1999	Recommended in bill	Bill compared with appropriated, 1998	Bill compared with budget estimates, 1999
American Battle Monuments Commission	$26,897,000	$23,931,000	$26,431,000	−$466,000	+$2,500,000
Cemeterial Expenses, Army	11,815,000	11,666,000	11,666,000	−149,000	
Chemical Safety and Hazard Investigations Board	4,000,000	7,000,000	6,500,000	+2,500,000	−500,000
Community Development Financial Institutions	80,000,000	125,000,000	80,000,000		−45,000,000
Consumer Information Center Fund	2,419,000	2,419,000	2,619,000	+200,000	+200,000
Consumer Product Safety Commission	45,000,000	46,500,000	46,000,000	+1,000,000	−500,000
Corporation for National and Community Service	428,500,000	502,316,000		−428,500,000	−502,316,000
Council on Environmental Quality	2,500,000	3,020,000	2,675,000	+175,000	−345,000
Court of Veterans Appeals	9,319,000	10,195,000	10,195,000	+876,000	
Department of Housing and Urban Development[1]	21,444,565,000	24,815,263,705	26,554,178,030	+5,108,613,030	+1,737,914,325
Department of Veterans Affairs[1]	40,976,799,000	42,149,737,000	42,318,158,000	+1,341,359,000	+168,421,000
Environmental Protection Agency	7,363,046,000	7,790,275,400	7,422,739,000	+59,693,000	−367,536,400
Federal Deposit Insurance Corporation (transfer)	(34,365,000)	(34,666,000)	(34,666,000)	(+301,000)	
Federal Emergency Management Agency	829,958,000	843,582,000	817,282,000	−12,676,000	−26,300,000
Emergency funding	1,600,000,000	626,296,000		−1,600,000,000	−626,296,000
National Aeronautics and Space Administration	13,648,000,000	13,465,000,000	13,328,200,000	−319,800,000	−136,800,000
National Credit Union Administration	1,000,000		2,000,000	+1,000,000	+2,000,000
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)		
National Science Foundation[1]	3,429,000,000	3,773,000,000	3,626,700,000	+197,700,000	−146,300,000
Neighborhood Reinvestment Corporation	60,000,000	90,000,000	90,000,000	+30,000,000	
Office of Science and Technology Policy	4,932,000	5,026,000	5,026,000	+94,000	
Selective Service System	23,413,000	24,940,000	24,176,000	+763,000	−764,000
Budget scorekeeping adjustments	33,100,000	−8,934,450,000	−1,070,000,000	−1,103,100,000	+7,864,450,000
Grand total for FY 1999	88,424,263,000	92,618,871,105	93,303,545,030	+4,876,282,030	+681,673,925
Emergency funding	1,600,000,000	626,296,000		−1,600,000,000	626,296,000
Total, FY 1999	90,024,263,000	93,245,167,105	93,300,554,030	+3,276,282,030	+55,377,925

[1] Does not reflect amounts included in title IV, General Provisions. (−$80,000,000 for Department of Housing and Urban Development, +$10,000,000 for Department of Veterans Affairs, and +$70,000,000 for the National Science Foundation.)

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

Fiscal year 1999 recommendation	$42,318,158,000
Fiscal year 1998 appropriation	40,976,799,000
Fiscal year 1999 budget request	42,149,737,000
Comparison with fiscal year 1998 appropriation	+1,341,359,000
Comparison with fiscal year 1999 budget request	+168,421,000

The Department of Veterans Affairs is the third largest Federal agency in terms of employment with an average employment of approximately 204,000. It administers benefits for more than 25,000,000 veterans, and 44,000,000 family members of living veterans and survivors of deceased veterans. Thus, close to 70,000,000 people, comprising about 26 percent of the total population of the United States, are potential recipients of veterans benefits provided by the Federal Government.

A total of $42,318,158,000 in new budget authority is recommended by the Committee for the Department of Veterans Affairs programs in fiscal year 1999. The funds recommended provide for compensation payments to 2,669,300 veterans and survivors of deceased veterans with service-connected disabilities; pension payments for 673,047 non-service-connected disabled veterans, widows and children in need of financial assistance; educational training and vocational assistance to 438,490 veterans, servicepersons, and reservists, and 43,043 eligible dependents of deceased veterans or seriously disabled veterans; housing credit assistance in the form of 222,000 guaranteed loans provided to veterans and servicepersons; administration or supervision of life insurance programs with 4,740,794 policies for veterans and active duty servicepersons providing coverage of $487,822,000,000; inpatient care and treatment of beneficiaries in 172 hospitals; 40 domiciliaries, 134 nursing homes and 673 outpatient clinics which includes independent, satellite, community-based, and rural outreach clinics involving 37,027,000 visits; and the administration of the National Cemetery System for burial of eligible veterans, servicepersons and their survivors.

Veterans Benefits Administration

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$21,857,058,000
Fiscal year 1998 appropriation	20,482,997,000
Fiscal year 1999 budget request	21,857,058,000
Comparison with fiscal year 1998 appropriation	+1,374,061,000
Comparison with fiscal year 1999 budget request	0

This appropriation provides funds for service-connected compensation payments to an estimated 2,669,300 beneficiaries and pension payments to another 673,047 beneficiaries with non-service-connected disabilities. The average cost per compensation case in 1999 is estimated at $6,866, and pension payments are projected at a unit cost of $4,536. The estimated caseload and cost by program for 1998 and 1999 are as follows:

	1998	1999	Difference
Caseload:			
Compensation:			
Veterans	2,283,761	2,361,862	+78,101
Survivors	304,683	305,438	+755
Children	2,000	2,000	0
Clothing allowance (non-add)	(74,384)	(75,252)	(−868)
Pensions:			
Veterans	398,802	390,063	−8,739
Survivors	300,029	282,984	−17,045
Minimum income for widows (non-add)	(397)	(782)	(+385)
Vocational training (non-add)	(85)	(0)	(−85)
Burial allowances	97,300	92,400	−4,900
Funds:			
Compensation:			
Veterans	$14,052,014,000	$15,270,428,000	+$1,218,414,000
Survivors	3,298,467,000	3,313,334,000	+14,867,000
Children	21,488,000	21,700,000	+212,000
Clothing allowance	39,308,000	39,767,000	+459,000
Payment to GOE (Public Laws 101–508 and 102–568)	1,460,000	1,472,000	+12,000
Medical exams pilot program	7,953,000	16,700,000	+8,747,000
Pensions:			
Veterans	2,306,876,000	2,326,838,000	+19,962,000
Survivors	743,426,000	720,712,000	−22,714,000
Minimum income for widows	2,812,000	5,668,000	+2,856,000
Vocational training	234,000	0	−234,000
Payment to GOE (Public Laws 101–508, 102–568, and 103–446)	9,824,000	9,905,000	+81,000
Payment to medical care (Public Laws 101–508 and 102–568)	15,088,000	13,157,000	−1,931,000
Payment to medical facilities	0	0	0
Burial benefits	131,310,000	121,045,000	−10,265,000
Other assistance	1,994,000	2,000,000	+6,000
Unobligated balance and transfers	−149,257,000	−5,668,000	+143,589,000
Total appropriation	20,482,997,000	21,857,058,000	+1,374,061,000

The Administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends a single compensation and pensions appropriation in fiscal year 1999.

For fiscal year 1999, the Committee is recommending the budget estimate of $21,857,058,000 for compensation and pensions. The bill also includes requested language reimbursing $24,534,000 to the general operating expenses account ($11,377,000) and the medical care account($13,157,000) for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, Public Law 101–508, the Veterans' Benefits Act of 1992, Public Law 102–568, and the Veterans' Benefits Improvements Act of 1994, Public Law 103–446. These cost savings provisions include verifying pension income against Internal Revenue Service and Social Security Administration (SSA) data; establishing a match with the SSA to obtain verification of Social Security numbers; and the $90 monthly VA pension cap for Medicaid-eligible single veterans and surviving spouses alone in Medicaid-covered nursing homes. Also, the bill includes requested language permitting this appropriation to reimburse such sums as may be necessary to the medical facilities revolving fund to help defray the operating expenses of individual medical facilities for nursing home care provided to pensioners, should authorizing legislation be enacted.

The Administration has proposed language that would provide indefinite 1999 supplemental appropriations for compensation and pension payments. The Committee believes the current funding procedures are adequate and has not included the requested language in the bill. The Committee recognizes that additional funding may be necessary when the final disposition of proposed legislation is known.

READJUSTMENT BENEFITS

Fiscal year 1999 recommendation	$1,175,000,000
Fiscal year 1998 appropriation	1,366,000,000
Fiscal year 1999 budget request	1,175,000,000
Comparison with fiscal year 1998 appropriation	−191,000,000
Comparison with fiscal year 1999 budget request	0

This appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985. These benefits are included in the All-Volunteer Force Educational Assistance Program. Eligibility to receive this assistance began in 1987. Basic benefits are funded through appropriations made to the readjustment benefits appropriation and transfers from the Department of Defense. Supplemental benefits are also provided to certain veterans through transfers from the Department of Defense. This law also provides education assistance to certain members of the Selected Reserve and is funded through transfers from the Departments of Defense and Transportation. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with approved adaptive equipment. This account also finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total and permanent service-connected disability as well as dependents of servicepersons who were captured or missing-in-action.

The Committee recommends the budget estimate of $1,175,000,000 for readjustment benefits in fiscal year 1999. The estimated number of trainees and costs by program for 1998 and 1999 are as follows:

	1998	1999	Difference
Number of trainees:			
Education and training: dependents	42,253	43,043	+790
All-Volunteer Force educational assistance:			
Veterans and servicepersons	308,000	309,900	+1,900
Reservists	76,800	76,400	−400
Vocational rehabilitation	53,269	52,190	−1,079
Total	480,322	481,533	−1,211
Funds:			
Education and training: dependents	$106,617,000	$108,530,000	+$1,913,000
All-Volunteer Force educational assistance:			
Veterans and servicepersons	807,533,000	816,798,000	+9,265,000
Reservists	91,226,000	100,737,000	+9,511,000

	1998	1999	Difference
Vocational rehabilitation	402,767,000	402,907,000	+140,000
Housing grants	14,723,000	14,723,000	0
Automobiles and other conveyances	4,660,000	4,660,000	0
Adaptive equipment	22,100,000	21,500,000	−600,000
Work-study	31,974,000	31,078,000	−896,000
Payment to States	13,000,000	13,000,000	0
Unobligated balance and other adjustments	−128,600,000	−338,933,000	−210,333,000
Total appropriation	1,366,000,000	1,175,000,000	−191,000,000

VETERANS INSURANCE AND INDEMNITIES

Fiscal year 1999 recommendation	$46,450,000
Fiscal year 1998 appropriation	51,360,000
Fiscal year 1999 budget request	46,450,000
Comparison with fiscal year 1998 appropriation	−4,910,000
Comparison with fiscal year 1999 budget request	0

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; national service life insurance (NSLI), applicable to certain World War II veterans; servicemen's indemnities, applicable to Korean conflict veterans; and the veterans mortgage life insurance, applicable to individuals who have received a grant for specially adapted housing.

The budget estimate of $46,450,000 for veterans insurance and indemnities in fiscal year 1999 is included in the bill. The amount provided will enable VA to transfer more than $37,600,000 to the service-disabled veterans insurance fund, transfer $8,560,000 in payments for the 3,468 policies under the veterans mortgage life insurance program, as well as provide payments for the 1,098 policies under a small NSLI program called "H." These policies are identified under the veterans insurance and indemnity appropriation since they provide insurance to service-disabled veterans unable to qualify under basic NSLI.

VETERANS HOUSING BENEFIT PROGRAM FUND, PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1999 recommendation	$263,587,000	$300,000	$159,121,000
Fiscal year 1998 appropriation	166,370,000	300,000	160,437,000
Fiscal year 1999 budget request	263,587,000	300,000	159,121,000
Comparison with fiscal year 1998 appropriation	+97,217,000	0	−1,316,000
Comparison with fiscal year 1999 budget request	0	0	0

The purpose of the VA home loan guaranty program is to facilitate the extension of mortgage credit on favorable terms by private lenders to eligible veterans. This appropriation provides for all costs, with the exception of the native American veteran housing loan program, of VA's direct and guaranteed loans programs. This account is a new fund established last year to consolidate the guaranty and indemnity fund, the loan guaranty fund, and the direct loan fund. This consolidation sums eleven accounts into four accounts under the new veterans housing benefit program fund to achieve administrative efficiencies. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation or a loan guarantee commitment. In addition, the Act requires all administrative expenses of a direct or guaranteed loan program to be funded through a program account.

The Committee recommends the budget requests of such sums as may be necessary (estimated to be $263,587,000) for funding subsidy payments, $300,000 for the limitation on direct loans, and $159,121,000 to pay administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1999 recommendation	$1,000	$3,000	$206,000
Fiscal year 1998 appropriation	1,000	3,000	200,000
Fiscal year 1999 budget request	1,000	3,000	206,000
Comparison with fiscal year 1998 appropriation	0	0	+6,000
Comparison with fiscal year 1999 budget request	0	0	0

This appropriation covers the cost of direct loans for eligible dependents and, in addition, it includes administrative expenses necessary to carry out the direct loan program. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget requests of $1,000 for program costs, $3,000 as the limitation on direct loans, and $206,000 for administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1999 recommendation	$55,000	$2,401,000	$400,000
Fiscal year 1998 appropriation	44,000	2,278,000	388,000
Fiscal year 1999 budget request	55,000	2,401,000	400,000
Comparison with fiscal year 1998 appropriation	+11,000	+123,000	+12,000
Comparison with fiscal year 1999 budget request	0	0	0

This appropriation covers the cost of direct loans for vocational rehabilitation of eligible veterans and, in addition, it includes administrative expenses necessary to carry out the direct loan program. Loans of up to $831 (based on indexed chapter 31 subsistence allowance rate) are available to service-connected disabled veterans enrolled in vocational rehabilitation programs when the veteran is temporarily in need of additional assistance. Repayment is made in 10 monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget requests of $55,000 for program costs and $400,000 for administrative expenses. The administrative expenses may be transferred to and merged with the general operating expenses account. In addition, the bill includes requested language limiting program direct loans to $2,401,000. It is estimated that VA will make 4,900 loans in fiscal year 1999, with an average amount of $490.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

Administrative expenses:	
Fiscal year 1999 recommendation	$515,000
Fiscal year 1998 appropriation	515,000
Fiscal year 1999 budget request	515,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	0

This program is testing the feasibility of authorizing VA to make direct home loans to native American veterans who live on U.S. trust land. This is a pilot program which began in 1993 and expires on December 31, 2001. The bill includes the budget request of $515,000 for administrative expenses, which may be transferred to and merged with the general operating expenses account.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$17,057,396,000
Fiscal year 1998 appropriation	17,057,396,000
Fiscal year 1999 budget request	17,027,975,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	+29,421,000

The Department of Veterans Affairs operates the largest Federal medical care delivery system in the country, with 172 hospitals, 40 domiciliaries, 134 nursing homes, and 673 outpatient clinics which includes independent, satellite, community-based, and rural outreach clinics.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliaries and outpatient facilities; contract hospitals; State domiciliaries, nursing homes and hospitals; contract community nursing homes; and outpatient programs on a fee basis. Hospital and outpatient care are also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs for the Department of Veterans Affairs. Funds are also used to train medical residents, interns, and other professional, paramedical and administrative personnel in health-science fields to support VA's medical programs.

The VA is requesting an appropriation of $17,027,975,000 for medical care in fiscal year 1999, a decrease of $29,421,000 below the enacted level. In addition, the Administration's budget assumes $667,000,000 will be available from the Medical Care Collections Fund (MCCF). The Committee notes that the Congressional Budget Office estimates $558,000,000 from the MCCF in fiscal year 1999. The VA believes that increased collections will occur in fiscal year 1999 through efforts such as implementing billing rates based on reasonable charges and the incentative of allowing medical centers to retain the funds collected. The Committee expects the VA to take all actions possible to increase the amount of funds collected and thus available for the medical treatment of veterans. The VA should reduce the amount of funds necessary for the administrative costs of collecting these funds, which in 1997 consumed approximately 20 percent of the total collected.

The bill includes $17,057,396,000 for medical care in fiscal year 1999. This amount is an increase of $29,421,000 above the budget request and maintains the fiscal year 1998 appropriation level.

The bill includes language delaying the availability of $846,000,000 of funds requested for the equipment and land and structures object classifications until August 1, 1999. The budget requested the delayed availability of $635,000,000 of such funds. The bill also includes requested language in the compensation and pensions appropriation transferring $13,157,000 to the medical care account for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, and the Veterans' Benefits Act of 1992.

The Committee has long supported the highest level of funding possible for medical research. In addition to the $310,000,000 recommended in the bill in the medical and prosthetic research appropriation, the VA estimates that $366,180,000 of the 1999 medical care request will be used to support medical research.

The Committee supports the development of advanced technology to address medical problems experienced by veterans. In this regard, $6,000,000 of the increase recommended for medical care is earmarked for the Musculoskeletal Disease Center at the Jerry L. Pettis Memorial VA Medical Center.

The budget proposes bill language permitting two-year spending availability for up to 8.3 percent of the medical care appropriation. The bill does not include the requested language. The Committee expects medical care funding to be obligated in the year for which it is appropriated, and not to be used to set up reserves. The Committee notes that more limited flexibility is provided with the extended availability of equipment and land and structures funds, and that medical care collection funds are available until expended.

The bill includes language transferring $22,633,000 to the general operating expenses appropriation for the Office of Resolution Management ($21,083,000) and the Office of Employment Discrimination Compliant Adjudication ($1,550,000). Additional information on the transfer is included under the VA's administrative provisions section of this report.

The Committee is concerned that all of the Veterans Health Administration's information technology and related systems are not currently Year 2000 (Y2K) compliant. The VA indicates that it plans to spend approximately $85,000,000 of fiscal year 1999 medical care funds to address Y2K problems. The Committee expects that the VA will utilize whatever funds are necessary to assure that the delivery of health care to veterans will in no way be adversely impacted by this problem.

A General Accounting Office study revealed that the Network 3 Director returned $20,000,000 of the fiscal year 1997 budget to Washington, at the same time the VA's Office of the Medical Inspector found more than 156 separate health and safety violations. Further, none of the $20,000,000 was credited toward the Network's total funding reduction required by the Veterans Equitable Resource Allocation system. The Committee is greatly concerned that funds were transferred from Network 3, especially when so many health and safety violations were noted. The Committee notes that Network 3 was the only Network in the nation to return funds to Washington. Therefore, the Committee urges the Secretary to provide Network 3 with a one-time credit of $20,000,000 toward funding reductions required by VERA.

Recent reports have raised questions about the VA's efforts regarding a national quality assurance program. The Committee understands that some improvements have been made, and encourages additional efforts in this area. Quality of care and improving effectiveness in delivering services for veterans is the highest priority. It is important that VA have a rigorous and thorough national quality assurance program that will continuously gather, process and disclose information on the effectiveness of service delivery to veterans. Such a system should not be subject to changes which would generate different data, and, therefore, make such data difficult or impossible to analyze and compare.

The Committee notes that the General Accounting Office study and report on the effects of Veterans Integrated Service Networks and Veterans Equitable Resource Allocation processes and their implementation requested in the conference agreement on the 1998 Appropriations Act will not be ready until September 1, 1998. However, this report should be in time to be considered in conference on this bill.

The 1998 Appropriations Act provided that not to exceed $5,000,000 of medical care funding was for a demonstration program to study the cost-effectiveness of contracting with local hospitals to meet the inpatient health care needs of veterans in East Central Florida. Since that demonstration program did not begin until June 1, 1998, the Committee expects that $5,000,000 from within Florida's allocation of funds will be used to continue this demonstration in fiscal year 1999.

Serious questions have been raised about the impact of the VA's new National Formulary. The Committee has learned that the formulary prevents physicians from meeting the unique health care needs of individual veterans and is overly restrictive. To address these concerns, the Committee directs the VA to contract with the Institute of Medicine to conduct an independent analysis of the effects of the National Formulary on the quality of care.

Specifically, the study should be completed within six months and should provide the Committee with an estimate of potential costs to VA health care associated with the National Formulary for drugs, biologic products, devices, prosthetics and pharmaceutical treatment guidelines. The study should also include a comparison of the new VA National Formulary to private insurance formularies for drugs and devices and other government formularies, such as Medicaid.

The Committee has been informed by the VA that each Veterans Integrated Service Network (VISN) will create and operate its own waiver program. The Committee directs the Secretary to report back to the Committee the number of VISNs that are currently operating a waiver procedure, the ease in which physicians can use those procedures, the number of instances in which waivers have been used to prescribe non-formulary drugs and devices to veterans, and the average time frame in which waivers are granted.

The Committee understands that efforts are being taken at the Jerry L. Pettis Memorial VA Medical Center to convert to electronic medical records. It is further understood that it will take one year to effect this conversion. The Committee supports this VA initiative, and looks forward to the time when no veteran will have to carry his or her medical records from one place to another in the hospital.

Legislation to establish a pilot program permitting Medicare reimbursements to VA hospitals for care provided to certain Medicare-eligible veterans over the age of 65 is under consideration. This concept, often referred to as Medicare subvention, would increase alternative revenue sources. The VA has underutilized capacity that will allow the treatment of additional veterans who are Medicare-eligible at marginal cost. The Committee urges the committees of jurisdiction to act expeditiously to provide this authority.

The budget estimates that 3,413,394 unique patients will receive health care treatment in 1999, an increase of 271,329 above the number treated in 1997 and 134,448 above the number estimated for 1998. However, employment is estimated to decrease by 3,135 in 1998 and 2,589 in 1999 Treating a larger number of patients while employment decreases is only possible through various reengineering and reorganization efforts to increase efficiency and effectiveness. The VA should continue its transition from an acute-care, hospital-based system to one that focuses on primary care in an outpatient setting. Consolidating and closing underutilized services will permit a more effective and efficient use of resources. These efforts will improve care for veterans and should help with the goals of a 30 percent reduction in costs and a 20 percent increase in the number of veterans treated over the next five years. The Committee continues to support these efforts to fundamentally change the system.

Community based outpatient clinics have been established across the country. These clinics bring primary and mental health care providers closer to where veterans live. The Committee encourages the VA to provide the networks with the necessary support to further expand the number of community based outpatient clinics.

The Committee understands that the VA is currently considering establishing a community based outpatient clinic in Morristown, New Jersey. The Committee urges the VA to finalize plans for a community based outpatient clinic in Morristown. The Committee also urges the VA to establish a community based outpatient clinic in Enid, Oklahoma.

The VA has done an admirable job under the Health Care for Homeless Veterans program, especially in the provision of psychiatric services. The Committee encourages the VA to continue this program and to strive to serve even more veterans in need of these services.

The Committee is encouraged by the Department's efforts to expand access to health care for veterans unable to visit VA facilities by establishing telemedicine centers. In rural areas, such as Montana, veterans have severe difficulty accessing VA care, and these areas are particularly well-suited for telemedicine technology.

The lack of an adequate number of safe, clean transitional housing units that have a supportive atmosphere that is devoid of drugs and alcohol is a problem for homeless veterans receiving care from the VA on an outpatient or partial hospitalization basis. The Committee urges the VA to increase its efforts for homeless veterans in the grant and per diem program.

The Committee notes the growing problem of hepatitis C and related liver diseases among veterans, and the importance of screening in order to detect and treat such diseases early enough to prevent serious and costly illness. The VA is urged to adopt the appropriate hepatitis C testing protocol, including a hepatitis C antibody test, for any patient having blood drawn who has no history of a hepatitis C antibody or antigen test in his or her medical report.

New regulations require reducing toxic emissions from medical waste incinerators. The VA expects that many of its hospitals will opt to replace existing incinerators with alternative technologies. The Committee supports the use of alternative technologies and/or contracting with qualified contractors when they are environmentally sound and are cost-effective as a means of meeting these stringent new requirements. The Committee expects to be kept informed of the VA's plans on a regular basis.

The Committee is encouraged that the VA fully recognizes the important role of preventive medicine residents in developing prevention strategies of priority to the VA, such as smoking cessation, alcohol reduction, and cancer screening. The VA is urged to continue its commitment to increase preventive medicine residencies as a part of its realignment of medical resident positions. The VA is to prepare a report for the Committees on Appropriations by March 31, 1999, on its plans for continued growth in preventive medicine residencies in the second and third year of the residency realignment process.

The quality of medical care delivered to veterans is directly affected by the quality of the management of the facilities, systems and networks of the Veterans Health Administration. The Committee believes that the VHA should take every possible opportunity to improve the effectiveness and efficiency of its operations. For this reason, the Committee urges VHA to continue to work closely with a nonprofit association representing university-based health management educators in a system-wide program to bring together leading faculty from academic centers and outstanding private sector executives to assist in improving the management of VA facilities, systems and networks. Such training should take advantage of advances in web-based learning techniques.

MEDICAL AND PROSTHETIC RESEARCH

Fiscal year 1999 recommendation	$310,000,000
Fiscal year 1998 appropriation	272,000,000
Fiscal year 1999 budget request	300,000,000
Comparison with fiscal year 1998 appropriation	+38,000,000
Comparison with fiscal year 1999 budget request	+10,000,000

This account includes medical, rehabilitative and health services research. Medical research is an important aspect of VA programs, providing complete medical and hospital service for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic and sensory aids for the purpose of improving the care and rehabilitation of eligible disabled veterans, including amputees, paraplegics and the blind. The health service research program provides unique opportunities to improve the effectiveness and efficiency of the health care delivery system. In addition, budgetary resources from a number of areas including appropriations from the medical care account; reimbursements from the Department of Defense; and grants from the National Institutes of Health, private proprietary sources, and voluntary agencies provide support for VA's researchers.

The Committee recommends $310,000,000 for medical and prosthetic research in fiscal year 1999, an increase of $10,000,000 above the budget request. An additional appropriation of $10,000,000 for medical and prosthetic research is included in Title IV—General Provisions of this bill. These amounts, together with an estimated $802,943,000 from other sources will provide for a total research program of $1,122,943,000.

The Committee recommends $310,000,000 for medical and prosthetic research in fiscal year 1999. This is an increase of $38,000,000 above the current level and $10,000,000 above the budget request. This amount, together with an estimated $802,943,000 from other sources will provide for a total research program of $1,112,943,000.

Previous Committee reports have strongly suggested that funding for research into Parkinson's Disease be increased. Last year's conference agreement included $10,000,000 for such research. The VA is directed to utilize the recommended increase of $10,000,000 to continue and expand research into Parkinson's Disease above the level provided for this activity in the 1998 conference agreement.

Prostate cancer is one of the leading causes of death among veterans. The Committee notes the President's recent commitment to direct as much funding as possible to stop this disease. The Department is again urged to increase research funding in fiscal year 1999 on this major health problem for aging males, with emphasis on clinical trials within the VA.

Previous reports have indicated support for the establishment and development of a Department of Veterans Affairs medical research service minority recruitment initiative in collaboration with minority health professions institutions. The Committee strongly supports the continued development of this program.

The Committee urges the Department of Veterans Affairs to work with the Department of Defense on a new broad cooperative research program on alcoholism. The VA is also urged to develop its nascent collaboration with the National Institute on Alcohol Abuse and Alcoholism and establish joint research programs on the epidemiology, causes, prevention, and treatment of alcoholism. This recommendation balances the increased morbidity, mortality, lost productivity, accidents, and violence caused by the high rate of alcoholism in the veterans population with the abundance of research opportunities which will prevent and abet these consequences of alcoholism.

The Committee supports the recommendation of the VA's Research and Realignment Advisory Committee that the VA should invest in technology transfer to receive its fair share of royalties from patents and joint ventures with non-governmental agencies and private companies. The Committee urges the Department to make funds available to the NASA Midwest Regional Technology Transfer Center to support transferring VA research results and capabilities to small and minority companies in the Great Lakes region. This action will also address another of the Advisory Committee's recommendations that active efforts need to be taken to create a better understanding by the general public of the contributions of VA research.

Concern has been expressed that the crew of the *U.S.S. Brush* were exposed to atomic debris in 1947 when it refueled in Kwajalein Lagoon in the Marshall Islands. The VA, in cooperation with the Department of Defense, should further study the possibility that these crew members may have been exposed to hazardous materials.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Fiscal year 1999 recommendation	$60,000,000
Fiscal year 1998 appropriation	59,860,000
Fiscal year 1999 budget request	60,000,000
Comparison with fiscal year 1998 appropriation	+140,000
Comparison with fiscal year 1999 budget request	0

This appropriation provides funds for central office executive direction (Under Secretary for Health and staff), administration and supervision of all VA medical and construction programs, including development and implementation of policies, plans and program objectives.

The Committee recommends the budget request of $60,000,000 for medical administration and miscellaneous operating expenses in fiscal year 1999.

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1999 recommendation	$7,000	$70,000	$54,000
Fiscal year 1998 appropriation	7,000	70,000	54,000
Fiscal year 1999 budget request	7,000	70,000	54,000
Comparison with fiscal year 1998 appropriation	0	0	0
Comparison with fiscal year 1999 budget request	0	0	0

This program provides loans to nonprofit organizations to assist them in leasing housing units exclusively for use as a transitional group residence for veterans who are in (or have recently been in) a program for the treatment of substance abuse. The amount of the loan cannot exceed $4,500 for any single residential unit and each loan must be repaid within two years through monthly installments. The amount of loans outstanding at any time may not exceed $100,000.

The bill includes the budget requests of $7,000 for the estimated cost of providing loans for this program, $54,000 for associated administrative expenses, and a $70,000 limitation on direct loans. The administrative expenses may be transferred to and merged with the general post fund.

Departmental Administration

general operating expenses

Fiscal year 1999 recommendation	$855,661,000
Fiscal year 1998 appropriation	786,135,000
Fiscal year 1999 budget request	849,661,000
Comparison with fiscal year 1998 appropriation	+69,526,000
Comparison with fiscal year 1999 budget request	+6,000,000

The general operating expenses appropriation provides for the administration of non-medical veterans benefits through the Veterans Benefits Administration and top management direction and support. The Federal Credit Reform Act of 1990 changed the accounting of Federal credit programs and required that all administrative costs associated with such programs be included within the respective credit accounts. Beginning in fiscal year 1992, costs incurred by housing, education, and vocational rehabilitation programs for administration of these credit programs are reimbursed by those accounts. The bill includes the budget requests totalling $160,242,000 in other accounts for these credit programs. In addition, $11,377,000 is transferred from the compensation and pensions account for administrative costs of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Section 107 of the administrative provisions provides requested language which permits excess revenues in three insurance funds to be used for administrative expenses. The VA estimates that $38,960,000 will be utilized for such purposes in fiscal year 1999. Prior to fiscal year 1996, such costs were included in the general operating expenses appropriation. Thus, in total, $1,060,240,000 is requested in fiscal year 1999 for administrative costs of non-medical benefits.

The Committee recommends $855,661,000 for general operating expenses in fiscal year 1999. This amount represents an increase of $69,526,000 above the current level and $6,000,000 above the budget request. The increase is for restructuring activities of the Veterans Benefits Administration, subject to submission of a detailed operating plan.

The Committee is concerned that all of the Veterans Benefits Administration's information technology systems are not presently Year 2000 (Y2K) compliant. The VA indicates that it plans to spend approximately $10,000,000 of fiscal year 1999 general operating expenses funds to address Y2K problems. The Committee expects that the VA will utilize whatever funds are necessary to ensure that veterans benefits checks continue to be delivered after December 31, 1999.

In the fiscal year 1999 budget presentation, the Veterans Benefits Administration reflected all funding for new initiatives under contract funds. Many initiatives have travel requirements associated with development oversight as well as the need for orientation and training for new VBA employees. Therefore, VBA's travel limitation associated with appropriated funds for 1999 should be $8,560,000 rather than the $5,544,000 reflected in the budget documents. This increase in the travel limitation has no net effect on total funding availability.

The Committee understands that the Department is preparing for a demonstration of advanced technology to assist adjudicators in determining disability ratings. The Committee considers this technology an important advancement towards the goals of accurate and timely adjudication of claims and urges the Veterans Benefits Administration to pursue this technology.

The VA lacks the authority to pay administrative costs of the Service Members Occupational Conversion and Training Act. The VA estimates that approximately $50,000 may be needed for these expenses. The bill includes requested language to continue allowing such costs to be funded in the general operating expenses account.

NATIONAL CEMETERY SYSTEM

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$92,006,000
Fiscal year 1998 appropriation	84,183,000
Fiscal year 1999 budget request	92,006,000
Comparison with fiscal year 1998 appropriation	+7,823,000
Comparison with fiscal year 1999 budget request	0

The National Cemetery System was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program. This appropriation provides for the operation and maintenance of 149 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico.

The fiscal year 1998 appropriation increased 9.5 percent above the fiscal year 1997 amount. The fiscal year 1999 request is 9.3 percent higher than fiscal year 1998 appropriation. These relatively large increases are necessary to provide for the operations of new cemeteries, and to cover increased workloads at existing cemeteries.

The Committee recommends the budget request of $92,006,000 for the national cemetery system in fiscal year 1999. To ensure that the maximum amount of funds are available to operate the cemeteries, the VA is to limit the amount of funds for central office activities to the budget request of $8,684,000.

The bill includes language transferring up to $86,000 to the general operating expenses appropriation for the Office of Resolution Management ($80,000) and the Office of Employment Discrimination Compliant Adjudication ($6,000). Additional information on the transfer is included under the VA's administrative provisions section of this report.

The VA currently contracts for the maintenance of veterans graves at the historic Congressional Cemetery in Washington, D.C. The 1999 Legislative Branch Appropriations Bill includes a provision that authorizes the Architect of the Capitol to make a grant to the National Trust for Historic Preservation for the care and maintenance of Congressional Cemetery. The Committee expects the VA to continue to provide the existing level of maintenance effort at Congressional Cemetery.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation	$32,702,000
Fiscal year 1998 appropriation	31,013,000
Fiscal year 1999 budget request	32,702,000
Comparison with fiscal year 1998 appropriation	+1,689,000
Comparison with fiscal year 1999 budget request	0

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit, investigation and inspection of all Department of Veterans Affairs programs and operations. The overall operational objective is to focus available resources on areas which would help improve services to veterans and their beneficiaries, assist managers of VA programs to operate economically in accomplishing program goals, and prevent and deter recurring and potential fraud, waste and inefficiencies.

The Committee has provided the budget request of $32,702,000 for the Office of Inspector General in fiscal year 1999. This amount is an increase of $1,689,000 or 5.4 percent above the current year appropriation.

CONSTRUCTION, MAJOR PROJECTS

Fiscal year 1999 recommendation	$143,000,000
Fiscal year 1998 appropriation	177,900,000
Fiscal year 1999 budget request	97,000,000
Comparison with fiscal year 1998 appropriation	−34,900,000
Comparison with fiscal year 1999 budget request	+46,000,000

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $4,000,000 or more. Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities.

A program of $97,000,000 is requested for construction, major projects, in fiscal year 1999. The bill includes $143,000,000 for the construction of major projects, an increase of $46,000,000 above the budget request.

The increases to the budget request are as follows:

+$20,800,000 for ambulatory care improvements at the Cleveland (Wade Park) VA Medical Center.

+$25,200,000 for construction of an ambulatory care addition at the Tucson VA Medical Center.

The specific amounts recommended by the Committee are as follows:

DETAIL OF BUDGET REQUEST

[In thousands of dollars]

Location and description	Available through 1998	1999 request	House recommendation
Medical Programs:			
Seismic:			
Long Beach, CA, clinical consolidations/seismic	0	$23,200	$23,200
San Juan, PR, seismic corrections	0	50,000	50,000
Subtotal, seismic	0	73,200	73,200
Outpatient improvements:			
Cleveland, OH, ambulatory care improvements	7,500	0	20,800
Tucson, AZ, ambulatory care addition	0	0	25,200
Subtotal, outpatient improvements	7,500	0	46,000
Advance planning fund: Various stations	0	6,600	6,600
Asbestos abatement: Various stations	0	5,460	5,460
Less: Design fund	0	−1,160	−1,160
Subtotal, medical programs	7,500	84,100	130,100
National Cemetery System:			
Florida National Cemetery columbarium development	0	6,000	6,000
Ft. Rosecrans National Cemetery columbarium development	0	6,000	6,000
Advance planning fund: Various stations	0	1,000	1,000
Less: Design fund	0	−600	−600
Subtotal, NCS	0	12,400	12,400
Claims Analyses: Various stations	0	500	500
Total construction, major projects	7,500	97,000	143,000

Concern has been expressed about the lack of adequate burial facilities for veterans residing in the eastern mountains of Kentucky. The Committee urges the Secretary to establish a new national cemetery in Eastern Kentucky. The VA is to utilize such sums as may be necessary to initiate the planning phase. Planning should include site selection, acquisition, and design. A report on the progress of the initial phase of this project should be submitted to the Committees on Appropriations by March 31, 1999.

CONSTRUCTION, MINOR PROJECTS

Fiscal year 1999 recommendation	$175,000,000
Fiscal year 1998 appropriation	175,000,000
Fiscal year 1999 budget request	141,000,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	+34,000,000

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $4,000,000. Program focus is placed on outpatient care projects.

The Committee recommends $175,000,000 for the construction, minor projects appropriation in fiscal year 1999. The amount recommended is $34,000,000 above the budget request. The increase is for converting inpatient space to outpatient activity use.

The Fort Harrison VA Medical Center currently uses an antiquated lagoon sewage treatment system which will soon exceed peak capacity. The Committee notes the need for connecting the medical center to the Helena public sewer system, and expects the VA to work closely with the Department of Defense, the Montana Army National Guard, the State of Montana, and the city of Helena to resolve the matter expeditiously and in a mutually acceptable manner.

The new irrigation well at the Fort Bliss National Cemetery is now unusable. The Committee urges the VA to expeditiously resolve this problem. In the interim, the VA should purchase an adequate amount of water from the Army to maintain the appearance of the cemetery in a satisfactory condition.

PARKING REVOLVING FUND

This appropriation provides funds for the construction, alteration, and acquisition (by purchase or lease) of parking garages at VA medical facilities. The Secretary is required under certain circumstances to establish and collect fees for the use of such garages and parking facilities. Receipts from the parking fees are to be deposited in the revolving fund and can be used to fund future parking garage initiatives.

No new budget authority is requested for the parking revolving fund in fiscal year 1999. Leases will be funded from parking fees collected. The bill includes the requested language permitting operation and maintenance costs of parking facilities to be funded from the medical care appropriation. The Committee has no objection to the proposal to utilize $11,900,000 from unobligated balances and parking receipts in the parking revolving fund for construction of the parking structure at the Denver VA Medical Center. This amount, together with $1,100,000 for technical services to be funded from the design fund in the construction, major projects appropriation will provide a total of $13,000,000 for this project.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Fiscal year 1999 recommendation	$80,000,000
Fiscal year 1998 appropriation	80,000,000
Fiscal year 1999 budget request	37,000,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	+43,000,000

This program provides grants to assist States to construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project. Grants for State nursing facilities may not provide for more than four beds per thousand veterans in any State.

The Committee recommends $80,000,000 for grants for construction of State extended care facilities in fiscal year 1999. This amount represents an increase of $43,000,000 above the budget request and is provided to address the high demand from States for this important program.

The proposed site for the skilled nursing facility in Clark County, Nevada may not be geologically sound. The Committee urges VA to work with the State of Nevada while an alternative site is found to ensure that funds appropriated in fiscal year 1998 will be available for the skilled nursing facility when a new site is identified.

Concern has been expressed that the methodology for awarding State home construction grant funds is outdated. The Committee urges the VA, after consultation with the States and interested organizations, to modify the existing methodology for awarding funds.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

Fiscal year 1999 recommendation	$10,000,000
Fiscal year 1998 appropriation	10,000,000
Fiscal year 1999 budget request	10,000,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	0

Public Law 95–476 established authority to provide aid to States for establishment, expansion, and improvement of State veterans' cemeteries. States receive financial assistance to provide burial space for veterans which serves to supplement the burial services provided by the national cemetery system. The cemeteries are operated and permanently maintained by the States. A grant may not exceed 50 percent of the total value of the land and the cost of improvements. The remaining amount must be contributed by the State.

The budget again proposes legislation to increase the maximum federal share of the costs of construction from 50 percent to 100 percent. The legislation would also permit federal funding of up to 100 percent of the cost of initial equipment for cemetery operations. The State would remain responsible for paying all costs related to the cemetery operations, including the costs for subsequent equipment purchases. Whether or not this revised State grant program will be enacted is a matter to be determined.

The Committee recommends the budget request of $10,000,000 for grants for the construction State veterans cemeteries in fiscal year 1999.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

The bill continues the current eight administrative provisions as proposed in the budget. The budget proposes bill language to fund the new Office of Resolution Management (ORM) and Office of Employment Discrimination Compliant Adjudication (OEDCA) on a reimbursable basis from other VA appropriations in fiscal year 1999. The Committee agrees with need for these offices, but does not agree with this method of financing as it permits unlimited funding of these administrative functions. To provide definite levels of funding for these offices, as is the case with other administrative functions, language transferring the amounts assumed in the medical care ($22,633,000—$21,083,000 for ORM and $1,550,000 for OEDCA) and national cemetery system ($86,000—$80,000 for ORM and $6,000 for OEDCA) accounts for these activities to the general operating expenses account has been included in the bill. In addition, $387,000 ($360,000 for ORM and $27,000 for OEDCA) is assumed in the general operating expenses account for these activities. All funds for these two offices should be requested in the general operating expenses appropriation in fiscal year 2000. The bill also includes a new section renaming the "Salisbury Department of Veterans Affairs Medical Center" in Salisbury, North Caolina, as the "W.G. (Bill) Hefner Salisbury Department of Veterans Affairs Medical Center".

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fiscal year 1999 recommendation	$26,553,178,030
Fiscal year 1998 appropriation	21,444,565,000
Fiscal year 1999 budget request	24,815,263,705
Comparison with fiscal year 1998 appropriation	+5,108,613,030
Comparison with fiscal year 1999 budget request	+1,737,914,325

The Department of Housing and Urban Development (HUD) was established by the Department of Housing and Urban Development Act of 1965 (Public Law 89–174). HUD is the principal Federal agency responsible for administering and regulating programs and industries concerned with the Nation's housing needs, economic and community development, and fair housing opportunities.

In carrying out the mission of serving the needs and interests of the Nation's communities and of the people who live and work in them, HUD administers mortgage and loan insurance programs, rental and homeownership subsidy programs for low-income families, neighborhood rehabilitation programs and community development programs.

The Committee recommends an appropriation of $26,553,178,030 for the Department of Housing and Urban Development, an increase of $1,737,914,325 above the request and an increase of $5,108,613,030 above the fiscal year 1998 appropriation. The request, however, was offset by $3,700,000,000 in recaptured section 8 funds, $2,347,190,000 of which was used to offset the fiscal year 1998 emergency supplemental appropriation. Therefore, the fiscal year 1999 appropriation is a decrease of $607,275,675 below the requested level.

HUD Reorganization

HUD is undergoing a major reorganization. As part of this reorganization, called "HUD 2020," HUD plans to consolidate major functions of the Department, including its enforcement activities, financial management and assessment functions. Operations are being streamlined, programs are being reevaluated and computer systems are being integrated throughout the department.

In addition to major operational changes, HUD expects to reduce staff levels to approximately 7,500 employees. Already, HUD has conducted a buyout that decreased staff from 10,300 employees to 9,200 employees. Further reductions are expected.

During this period of transition, HUD has the opportunity to become a stronger, more effective advocate for its mission to serve the nation's housing and community needs. For example, HUD should pay greater attention to the establishment of results-oriented performance measurements rather than maintaining process-oriented performance measurements. Several programs at HUD are moving in this direction, others need to be more aggressive.

In various accounts, the Committee is recommending an increase in funds that can show quantifiable results and that institute systems that will enable them to measure performance. For other programs, the Committee has provided performance measures for HUD to consider and to implement.

An area of concern to this Committee is the section 8 accounting system. The issue of how to deal with and account for long-term amendment needs must be more comprehensively addressed by both HUD and the Congress.

Another area of concern is the level of unexpended balances in many HUD programs. To better measure the performance of all HUD programs and to enable policy-making committees to create more effective programs, HUD is directed to undertake a comprehensive review of all unexpended balances. The findings from this report should be provided to the House and Senate Committees on Appropriations by January 15, 1999.

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

Fiscal year 1999 recommendation	$10,240,542,030
Fiscal year 1998 appropriation	9,373,000,000
Fiscal year 1999 budget request	8,981,187,705
Comparison with fiscal year 1998 appropriation	+867,542,030
Comparison with fiscal year 1999 budget request	+1,259,354,325

The Housing Certificate Fund consolidates the existing section 8 voucher and certificate rental assistance programs. In addition, it provides funding to prevent resident displacement, including renewal of expiring section 8 contracts, section 8 amendments, the witness relocation program, displaced family relocation in both Housing and Public Housing programs, conversion of section 23 projects to section 8 projects and the family unification program.

The Committee recommends $10,240,542,030 for the Housing Certificate Fund, an increase of $1,259,354,325 above the request and an increase of $867,542,030 above the fiscal year 1998 appropriation. Of the amount provided, $9,600,000,000 is for section 8 contract renewals, $97,000,000 is for section 8 contract amendments, $433,542,030 is for section 8 relocation assistance and $10,000,000 is for regional opportunity counseling. The funding level for renewals is sufficient to extend for one year all contract expirations. Section 8 relocation assistance is expanded to include families that must be relocated due to a HOPE VI revitalization project.

The Committee recommends a set-aside of $40,000,000 to fund section 8 tenant-based rental assistance for people with disabilities displaced when a public housing complex is designated for elderly-only residents. The Committee notes that HUD has been slow in releasing these funds in the past and urges the Department to expedite the Notice of Funding Availability (NOFA).

Finally, the Committee recommends providing $100,000,000 for incremental vouchers and certificates targeted to families making the transition from welfare to work. In addition to HUD's proposed requirements, the Committee encourages HUD to revise its Performance Plan to incorporate performance measures designed to gauge whether, and to what extent, the housing vouchers funded under this section further the objectives of welfare reform. In particular, the Committee urges HUD to measure the extent to which these vouchers result in: (a) increased earnings; (b) increased employment (e.g. an increase in number of weeks employed or number of hours worked per week); (c) improved coordination among housing and welfare agencies; and (d) improvements in housing quality and affordability.

The Committee encourages HUD to track the different ways localities use the vouchers to further the goals of welfare reform and the relative success of different approaches in achieving the program's objectives. HUD is directed to implement an evaluation of these approaches and is authorized to use up to one percent of the funds provided under this set-aside for those purposes.

To respond to reports that the numbers of affordable homes available with section 8 assistance were decreasing, the Committee asked HUD to provide information on the number of units funded with section 8 funds since fiscal year 1996. Contrary to reports, 212,133 units have been added to the section 8 portfolio since fiscal year 1996. Furthermore, because the section 8 program has been the subject of great scrutiny, HUD has implemented better accounting systems that enable the Department to make more accurate projections about present and future costs.

PUBLIC HOUSING CAPITAL FUND

Fiscal year 1999 recommendation	$3,000,000,000
Fiscal year 1998 appropriation	2,500,000,000
Fiscal year 1999 budget request	2,550,000,000
Comparison with fiscal year 1998 appropriation	+500,000,000
Comparison with fiscal year 1999 budget request	+450,000,000

The Public Housing Capital Fund provides funding for all public housing capital programs, such as public housing development, modernization and amendments. Capital improvements can be various levels of modernization, including rehabilitation, building additions, replacement of apartments and appliances and non-routine maintenance (that has become substantial in scope). The funds enable public housing authorities (PHAs) to continue to operate apartment complexes as low-income housing for a period of not less than 20 years. Examples of capital modernization projects include replacing roofs and windows, physical improvements to common spaces, improving electrical and plumbing systems, and renovating the interior of an apartment.

The Committee recommends funding this account at $3,000,000,000, an increase of $450,000,000 above the budget request and $500,000,000 above the fiscal year 1998 appropriation.

Of the amount provided, $100,000,000 is for technical assistance, contract expertise, training, intervention with respect to troubled authorities, independent physical inspections, and management improvements in support of Management 2020. Additionally, as requested, $5,000,000 is set aside for the Tenant Opportunity Program (TOP); however, the Committee recommends funding the TOP in this account rather than in the CDBG account.

Increasing the capital fund is important for several reasons. First, HUD estimates that the 3,400 PHAs have backlog modernization needs of $20,000,000,000. This backlog exists, by and large, because the inventory is very old. Currently, of the approximately 1,232,000 apartments operated by PHAs, 792,000 were constructed more than 30 years ago. Many require major renovation work if they are to continue to serve as decent homes for the families that depend on them.

Second, modernization funds can be successfully leveraged with other sources of capital, especially in mixed-income developments, thereby maximizing the federal investment. Jobs are created, neighborhoods are improved and low-income families are given the opportunity to live in safe, affordable homes.

Finally, HUD is developing a reporting system that will enable it to prioritize the modernization needs of each PHA. During the next year, HUD plans to assess the physical condition of hundreds of public housing developments. This assessment will enable HUD to better project the level of backlogged modernization needs, to make informed judgments about costs and to prioritize capital projects strategically.–

PUBLIC HOUSING OPERATING FUND

(INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1999 recommendation	$2,818,000,000
Fiscal year 1998 appropriation	2,900,000,000
Fiscal year 1999 budget request	2,818,000,000
Comparison with fiscal year 1998 appropriation	−82,000,000
Comparison with fiscal year 1999 budget request	0

Operating subsidies are provided to public housing authorities to supplement tenant rental contributions and other income used to pay for the ordinary costs of operating a public housing authority (PHA). The performance funding system formula determines operating subsidy amounts.

The Committee recommends funding operating subsidies at the budget request of $2,818,000,000, a decrease of $82,000,000 from the level appropriated in fiscal year 1998. An administrative provision is included directing HUD to begin negotiated rule-making for necessary changes of PFS.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Fiscal year 1999 recommendation	$290,000,000
Fiscal year 1998 appropriation	310,000,000
Fiscal year 1999 budget request	310,000,000
Comparison with fiscal year 1998 appropriation	−20,000,000
Comparison with fiscal year 1999 budget request	−20,000,000

Drug elimination grant funds are provided to public housing agencies and Indian housing authorities to eliminate drug-related crime in housing developments. Funds may be used to pay for law enforcement personnel and investigators, to provide physical improvements that enhance security, to support tenant patrols and initiatives and to develop drug abuse prevention programs.

The Committee recommends funding this program at $290,000,000, a decrease of $20,000,000 below the request and below the level appropriated in fiscal year 1998. Of the level provided, $10,000,000 is set aside for Operation Safe Home administered by the HUD Inspector General, $10,000,000 is for the Inspector General for other Operation Safe Home activities and $10,000,000 is for technical assistance.

The Committee is pleased with the Milton S. Eisenhower Foundation's Youth Development and Crime Prevention program in public housing. This program is based on community equity policing, where youth safe havens, police mini-stations, civilian and police mentoring of youth, after school tutorial, stay-in-school counseling, welfare-to-work job training and placement initiatives share the same space in public housing facilities. Where its programs are implemented, crime has been reduced by 20 to 35% in scientific evaluations of initial replications of these concepts. The Committee encourages HUD to review this program to see if it can be effectively replicated in public housing developments.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VII)

Fiscal year 1999 recommendation	$600,000,000
Fiscal year 1998 appropriation	550,000,000
Fiscal year 1999 budget request	550,000,000
Comparison with fiscal year 1998 appropriation	+50,000,000
Comparison with fiscal year 1999 budget request	+50,000,000

The Revitalization of Severely Distressed Public Housing program, HOPE VI, awards competitive grants to public housing authorities enabling them to revitalize entire neighborhoods that are adversely impacted by the presence of badly deteriorated public housing projects. In addition to new construction and development, PHAs have the authority to demolish obsolete projects and to provide replacement apartments for families displaced by the demolition.

The Committee recommends funding HOPE VI at $600,000,000, an increase of $50,000,000 above the request and above the fiscal year 1998 appropriation. HUD is authorized to provide, upon the request of a PHA, for environmental reviews by local governments rather than by HUD staff. This authority already is available for all other public housing programs and has the potential to result in more efficient and expeditious grant processing. Additional language is included clarifying that HOPE VI funds can be used for appropriate downpayment assistance to tenants displaced by demolition.

For many years, public housing facilities contributed substantially to the disintegration of entire neighborhoods. That trend is being reversed, in large measure, because of the successes of the HOPE VI program. By using HOPE VI funds as seed money, PHAs attract private sector capital and publicly-funded low-income housing tax credits that could result in a leverage impact as great as

$3 of private funds to $1 of public funds. Through partnerships like these, HOPE VI rebuilds not only decent and affordable homes but entire neighborhoods.

Currently, HUD provides section 8 certificates and vouchers from this account to families displaced when a HOPE VI project is underway. In the past, about $90,000,000 of HOPE VI funds were spent on relocation rather than revitalization. The Committee directs HUD to provide relocation assistance from amounts provided for such assistance in the Housing Certificate Fund, which has significant unobligated carryover balances.

The Committee continues to support the Campus Affiliates Program, a unique partnership between HUD, the Housing Authority of New Orleans, higher education and the private sector. This program has begun to meet the needs of public housing residents in New Orleans by providing assistance and activities that foster self-sufficiency. The Committee expects HUD to continue to participate in this activity.

NATIVE AMERICAN HOUSING BLOCK GRANTS

Fiscal year 1999 recommendation	$620,000,000
Fiscal year 1998 appropriation	600,000,000
Fiscal year 1999 budget request	600,000,000
Comparison with fiscal year 1998 appropriation	+20,000,000
Comparison with fiscal year 1999 budget request	+20,000,000

The Native American Housing Block Grants program provides funds to Indian tribes and their tribally designated housing entities to help them address housing needs within their communities. The block grant is designed to fund a tribally-designated housing entity's operating requirements and capital needs.

The Committee recommends funding this program at $620,000,000, an increase of $20,000,000 above the request and the fiscal year 1998 appropriation. Of the amount provided $6,000,000 is set-aside for the section 601 Loan Guarantee Program and $6,000,000 is set-aside for inspections, training, travel costs and technical assistance.

As a result of major changes incorporated in the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1997, Indian tribes and tribal housing organizations have requested additional training and technical assistance. Few organizations, however, have both housing development expertise and an understanding of the history and culture of Native Americans. With the provisions contained in NAHASDA, Native American housing providers have a unique opportunity to increase their capacity, and that of other tribes, to provide training and technical assistance. Therefore, to the greatest extent possible, HUD should utilize tribally based organizations to provide training and technical assistance.

Title VI of NAHASDA was designed to increase a tribe's ability to bring private capital to reservations for economic development and housing. The program was modeled after the section 108 loan guarantee program. Though almost identical to one another, a credit subsidy rate of 11 percent has been assigned to the section 601 program which is far higher than the 2.3 percent credit subsidy rate assigned to the section 108 program. Furthermore, only 80 percent of a loan originated under section 601 may be guaranteed in contrast to 100 percent in the section 108 program. As a result of the assumed subsidy cost, fewer tribes are able to take advantage of the section 601 program. The Committee is interested in the rationale used to establish these subsidy rates and directs the Office of Management and Budget (OMB) to provide an explanation to the House and Senate Subcommittees on VA, HUD and Independent agencies by October 30, 1998.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

	Program account	Limitation on direct loans
Fiscal year 1999 recommendation	$6,000,000	$36,900,000
Fiscal year 1998 appropriation	5,000,000	36,900,000
Fiscal year 1999 budget request	6,000,000	36,900,000
Comparison with fiscal year 1998 appropriation	+1,000,000	0
Comparison with fiscal year 1999 budget request	0	0

Section 184 of the Housing and Community Development Act of 1992 establishes a loan guarantee program for Native Americans to build or purchase homes on trust land. This program provides access to sources of private financing for Indian families and Indian housing authorities that otherwise cannot acquire financing because of the unique legal status of Indian trust land. This program provides the financial vehicle for approximately 20,000 families to construct new homes or purchase existing properties on reservations.

The Committee recommends funding this program at the request of $6,000,000, an increase of $1,000,000 above the level appropriated in fiscal year 1998.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Fiscal year 1999 recommendation	$225,000,000
Fiscal year 1998 appropriation	204,000,000
Fiscal year 1999 budget request	225,000,000
Comparison with fiscal year 1998 appropriation	+21,000,000
Comparison with fiscal year 1999 budget request	0

The Housing Opportunities for Persons with AIDS (HOPWA) program is authorized by the Housing Opportunities for Persons with AIDS Act, as amended. The program provides states and localities with resources and incentives to devise long term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families. Government recipients must have a HUD-approved Comprehensive Plan/Comprehensive Housing Affordability Strategy (CHAS). Funds are allocated among eligible grantees pursuant to section 854(c) of the National Affordable Housing Act.

For fiscal year 1999, the Committee recommends the request of $225,000,000, an increase of $21,000,000 over the level appropriated in fiscal year 1998.

Once again, the Committee encourages HUD to review the HOPWA formula and to make appropriate recommendations for change. Under its current authorization, funds may not be distributed equitably to reflect current need. Furthermore, problems with the formula frequently result in anomalies that require Congressional intervention to correct.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$4,725,000,000
Fiscal year 1998 appropriation	4,805,000,000
Fiscal year 1999 budget request	4,725,000,000
Comparison with fiscal year 1998 appropriation	−80,000,000
Comparison with fiscal year 1999 budget request	0

Title I of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to make grants to units of general local government and states for local community development programs. The primary objective of the block grant program is to develop viable urban communities and to expand economic opportunities, principally for persons of low- and moderate-income.

The Committee recommends the President's request of $4,725,000,000 for community development grants in fiscal year 1999, which is $80,000,000 below the level appropriated in fiscal year 1998. Set-asides within the CDBG account include $67,000,000 for Native Americans, $50,000,000 for the Economic Development and Social Services program, of which at least $20,000,000 is for service coordinators and congregate services for the elderly and the disabled, $3,000,000 for the Housing Assistance Council, $1,800,000 for the National American Indian Housing Council, and $35,000,000 for Youthbuild. Further set-asides include $25,000,000 for the Neighborhood Initiatives program, authorized in the fiscal year 1998 VA, HUD and Independent Agencies appropriations measure and $50,000,000 for section 107 grants. Of the amount provided for section 107 grants, $3,000,000 is for community development work study, $6,500,000 is for historically black colleges and universities, $6,500,000 is for Hispanic-serving institutions, $7,500,000 is for Community Outreach Partnerships, $7,000,000 is for Insular areas, $7,500,000 is for technical assistance and $12,000,000 is for management information systems. Prior to making the Integrated Disbursement and Information System mandatory, HUD is directed to work with states to resolve problems surrounding the implementation of the system. Additionally, $50,000,000 is provided for the Economic Development Initiative, $20,000,000 for the SHOP program, subject to authorization that eliminates specific set-asides and that makes the program competitive, $20,000,000 for Brownfields, and $30,000,000 for the National Community Development Initiative, to be equally divided by the Local Initiatives Support Corporation, the Enterprise Foundation, Youthbuild and Habitat for Humanity International.

Though requested by the President, neither the Regional Connections program nor the Homeownership Zone program is funded. Both programs require authorizing from the House Banking Committee and, without further discussion about the proposals, including its mission, goals and other rules for governing the programs, this Committee is reluctant to pass judgment upon them.

The Committee is concerned about HUD's application of the Community 2020 Geographical Information System (GIS). The Committee believes that HUD should not be in the business of leveraging software sales for a particular vendor and that HUD should develop a product that disseminates HUD data using the open development environment as the basis for a HUD GIS application. Such a process would allow federal and nonfederal agencies to use the HUD data with their current GIS systems or other systems they are evaluating through the use of inter-application communications.

Finally, as requested, the commitment level of $1,261,000,000 for the section 108 Loan Guarantee program is authorized, with a credit subsidy of $29,000,000.

The Committee notes that the 1999 Special Olympics World Summer Games, which represents the pinnacle of athletic competition for athletes with mental retardation, will be held in the Triangle Area of North Carolina. HUD is encouraged to help support the 1999 Games to the greatest degree possible.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Fiscal year 1999 recommendation	$1,600,000,000
Fiscal year 1998 appropriation	1,500,000,000
Fiscal year 1999 budget request	1,883,000,000
Comparison with fiscal year 1998 appropriation	+100,000,000
Comparison with fiscal year 1999 budget request	−283,000,000

The HOME investment partnerships program provides assistance to states, units of local government, Indian tribes and insular areas, through formula allocation, for the purpose of expanding the supply and affordability of housing. Eligible activities include acquisition, rehabilitation, tenant-based rental assistance and new construction. Jurisdictions that participate in the program are required to develop a comprehensive housing affordability strategy.

The Committee recommends an appropriation of $1,600,000,000, a decrease of $283,000,000 below the request and $100,000,000 above the fiscal year 1998 appropriation.– The Committee, however, recommends against HUD's proposal to consolidate the sections 202 and 811 accounts in the HOME program and continues to fund them separately. Once amounts for these programs are subtracted, the Committee's funding recommendation is an increase of $50,000,000 above the request.

Like last year, the Committee increases funds for the HOME program because it can document its results. For example, using a combination of public-private partnerships and the non-profit/for-profit sectors, this program assisted over 91,000 first time homebuyers and produced over 280,000 new homes. Ninety-seven percent of families renting HOME-assisted apartments are below 50% of area median income and 69% of the families who buy homes are below 50% of area median income. Each HOME dollar leverages almost two dollars of public and private funds. The average HOME investment per unit is $16,300. Most importantly, the program tracks the performance of its grantees and measures their performance to determine whether the federal investment is worthwhile.

The Committee recommends against the request of $100,000,000 for the HOME Loan Guarantee Program for the following reasons. First, the program is unauthorized. Second, HUD has not provided evidence that the proposal would complement the existing HOME program. As described, this program would operate in a fashion similar to CDBG's section 108 loan guarantee program. The 108 loan program is not highly subscribed, however, without other forms of security like the economic development initiative (EDI) funds, primarily because communities are reluctant to borrow money against future CDBG allocations. There is no indication that a HOME loan guarantee program would not suffer a similar experience and require additional appropriations.

Finally, the Committee recommends $10,000,000 for Housing Counseling, which is $5,000,000 below the 1998 fiscal year appropriation and $15,000,000 below the President's request. Unfortunately, this program is not producing measurable results that warrant an increase in funding.

Despite the decrease, the Committee recognizes the importance of providing information and counseling to prospective homebuyers, especially low- and moderate-income first-time homebuyers. For example, effective counseling prior to purchase can lower default rates and increase awareness of what potential homebuyers should expect from the real estate agent, lender and credit checks. Therefore, the Committee recommends that HUD develop a process for measuring performance of housing counseling agencies and the national intermediaries that provide these services. Such measures should take into consideration the continuum of services that housing counseling providers deliver to program participants. In addition, HUD is directed to develop industry standards for performance, based on best practices of providers, that can be used to set the criteria for success. In developing performance measures and standards, the Committee directs HUD to consult with national intermediaries and other national housing counseling groups to assure that such provisions are realistic and can be accurately applied.

With the available funds, HUD is directed to provide funds to organizations without preference for any one organization or agency. Furthermore, the grant award is to be based on experience and expertise. Finally, HUD is directed to lift any caps placed on grants to intermediaries

HOMELESS ASSISTANCE GRANTS

Fiscal year 1999 recommendation	$975,000,000
Fiscal year 1998 appropriation	823,000,000
Fiscal year 1999 budget request	1,150,000,000
Comparison with fiscal year 1998 appropriation	+152,000,000
Comparison with fiscal year 1999 budget request	−175,000,000

The homeless assistance grants account provides funding for four homeless programs under title IV of the McKinney Act: (1) the emergency shelter grants program; (2) the supportive housing program; (3) the section 8 moderate rehabilitation (single room occupancy) program; and (4) the shelter plus care program. This account also supports activities eligible under the innovative homeless initiatives demonstration program.

The Committee recommends funding homeless programs at $975,000,000, a decrease of $175,000,000 below the request, (which includes $192,000,000 for certificates and vouchers), and $152,000,000 higher than the fiscal year 1998 appropriation. Additionally, the Committee recommends allowing HUD to use up to one percent of the funds appropriated for technical assistance and systems support.

HUD is directed to review the obligated but unexpended balances of these accounts and, where appropriate, begin the process of deobligating funds in contracts that are unlikely to perform. The Committee is especially concerned about the level of unexpended balances in programs funded prior to 1993. Furthermore, HUD is directed to consider the ramifications of requiring applicants for construction grants to demonstrate better administrative control over the site and financing prior to receiving an award. Finally, HUD is directed to review the feasibility of requiring grantees to expend funds within three years and to report its conclusions to the House and Senate Committees on Appropriations by February 1, 1999.

The Committee notes that the percentage of total McKinney funding devoted to permanent housing has plummeted from over 70% in fiscal year 1993 to less than 18% is the current fiscal year. According to some figures, approximately 650,000 people are homeless on any given night, and between 1.3 and 2 million Americans experience homelessness during this year. In the context of this overwhelming need, it is crucial that scarce McKinney funds be spent prudently and leveraged with the greatest amount of matching local, state and private investment funds possible.

In order to make these programs more outcome oriented and, over time, to eliminate homelessness among the most vulnerable and visible group of homeless people, HUD is directed to target any permanent housing, certificates or vouchers to individuals and families with chronic disabilities like substance or alcohol abuse and mental illness. If vouchers are used, HUD is directed to ensure that they are used in conjunction with supportive services.

Research now shows that chronically homeless individuals and families often receive housing through regular, long-term use of the emergency shelter system. This practice interferes with their treatment regimens and results in costly hospital and even jail stays. Permanent users clog the emergency system reducing its ability to address the more temporary problems of families and individuals who are homeless because of an economic crisis.

Federal homeless funding should be adjusted to focus an appropriate portion of resources, long term, on providing permanent supportive housing for chronically homeless people, who cannot expect to be housed by any other system. Redirecting funds in this manner will improve outcomes for this most needy sub-population and will free the emergency system to successfully help people who are experiencing an economic crisis.

The Committee supports the efforts of the House authorizing committee for recognizing this drawback and for addressing it in H.R. 217, the Homeless Housing Programs Consolidation and Flexibility Act. Among the recommendations contained in H.R. 217 is the requirement that 30% of the homeless funds appropriated be directed to permanent, supportive housing.

To better measure the results of homeless programs and providers, HUD is directed to require recipients of HUD Homeless Assistance Grant funds to provide information on the unduplicated number of clients served and the immediate disposition of clients exiting their programs. Furthermore, HUD is directed to annually aggregate this and other available information on the use of homeless funds. Finally, HUD is directed to work with a representative sample of jurisdictions to collect, at a minimum, the following data: the unduplicated count of clients served; client characteristics such as age, race, sex disability status; units (days) and type of housing received (shelter, transitional, permanent); and services rendered. Outcome information such as housing stability, income and health status should be collected as well. Armed with information like this, HUD's ability to assess the success of homeless programs and grantees will be vastly improved. If funds are necessary to implement this directive with new tracking systems, HUD may use the funds requested for technical assistance.

Because the treatment and community service needs of people with severe mental illness are so varied, no single federal department is in a position to provide resources and guidance to states and communities in dealing with this issue. Therefore, the Committee urges the Interagency Council on the Homeless to convene an interagency summit on severe mental illness and the inappropriate use of jails, prisons and homeless shelters as permanent housing for the severely and chronically mentally ill. The Committee anticipates the summit will produce a product that will highlight the best practices and strategies to cope with the challenges faced by communities in dealing with homelessness and mental illness. The following agencies should be involved in the summit: HUD (the divisions of Public and Indian Housing, Community Planning and Development, Housing); the Department of Justice (the Bureau of Justice Assistance, the Office of Juvenile Justice and Delinquency Prevention, and the Federal Bureau of Prisons); the Department of Health and Human Services (the National Institute of Mental Health and the Substance Abuse and the Mental Health Services Administration); and the Department of Veteran's Affairs (the Veterans Health Administration). The Interagency Council should make every effort to engage other stakeholders, such as State and local officials and organizations representing people with severe mental illnesses and their families, to participate in any such summit.

Housing Programs

HOUSING FOR SPECIAL POPULATIONS

Fiscal year 1999 recommendation	$839,000,000
Fiscal year 1998 appropriation	839,000,000
Fiscal year 1999 budget request	0
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	+839,000,000

The Housing for Special Populations program provides eligible private, non-profit organizations with capital grants used to finance the acquisition, rehabilitation or construction of housing intended for elderly people or people with disabilities. Twenty-five percent of the funding for supportive housing for the disabled is available for tenant-based assistance under section 8 to increase flexibility.

The Committee recommends funding the section 202 housing for the elderly program at the fiscal year 1998 appropriation of

$645,000,000 and section 811 housing for the disabled program at the fiscal year 1998 appropriation of $194,000,000, which are increases of $486,000,000 and $20,000,000, respectively.

The Committee is troubled by HUD's proposal to collapse the section 811 and 202 programs into the HOME Block Grant. The Committee believes that both programs have been good examples of public-private partnerships that work. Folding the programs into HOME, without major changes in the requirements for monitoring and enforcing the consolidated planning process, could place the funds in jeopardy.

Finally, the Committee is concerned by proposals to expand the percentage of section 811 funding directed to tenant-based rental assistance. While tenant-based assistance is critically important to people with disabilities and their families, it is not the only answer. In too many communities, disabled persons lack access to sufficient, affordable homes. Homes constructed using section 811 funds ensure that sufficient options exist for these families. Therefore, while the Committee agrees with HUD's proposal to direct 25 percent of section 811 appropriations to tenant-based rental assistance, the Committee directs the HUD to use the waiver authority contained in this bill to allow non-profit disability organizations to apply directly to HUD for these funds.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

The Housing and Urban Development Act of 1968 authorized HUD to establish a revolving fund into which rental collections in excess of the established basic rents for units in section 236 subsidized projects are deposited. Subject to approval in appropriations acts, the Secretary is authorized under the Housing and Community Development Amendment of 1978 to transfer excess rent collections received after 1978 to the Troubled Projects Operating Subsidy program, renamed the Flexible Subsidy Fund.

The Committee recommends that the account continue to serve as a repository of excess rental charges appropriated from the Rental Housing Assistance Fund. Although these resources will not be used for new reservations, they will continue to offset Flexible Subsidy outlays and other discretionary expenditures.

FEDERAL HOUSING ADMINISTRATION

FHA-MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1999 recommendation	$50,000,000	$110,000,000,000	$328,888,000
Fiscal year 1998 appropriation	200,000,000	110,000,000,000	338,421,000
Fiscal year 1999 budget request	50,000,000	110,000,000,000	328,000,000
Comparison with fiscal year 1998 Appropriation	−150,000,000	0	−9,533,000
Comparison with fiscal year 1999 budget request	0	0	0

Beginning in 1992, the Federal Housing Administration (FHA) was split into two separate accounts. One account is the FHA-mutual mortgage insurance program account and includes the mutual mortgage insurance (MMI) and cooperative management housing insurance (CMHI) funds. The other account is the FHA-general and special risk program account and includes the general insurance (GI) and special risk insurance (SRI) funds.

The mutual mortgage insurance program account covers unsubsidized programs, and consists of primarily the single-family home mortgage program, the largest of all the FHA programs. The CMHI fund contains the cooperative housing insurance program, which provides mortgages for cooperative housing projects of more than five units that are occupied by members of a cooperative housing corporation.

The Committee recommends the request of limiting the commitments in the FHA-MMI program account to $110,000,000,000 in fiscal year 1999. The commitment level is not a change from the 1998 level. The Committee recommends the request of $328,888,000 for administrative expenses, a decrease of $9,533,000 below the appropriation in fiscal year 1998. Furthermore, the Committee recommends the request to limit direct loans to $50,000,000, a decrease of $150,000,000 below the fiscal year 1998 appropriation. Direct loans are used to facilitate the acquisition and disposition of FHA single-family and multi-family acquired properties by non-profit intermediaries. Because of inactivity in this program, HUD did not request a higher limitation.

At the same time, there is widespread concern—shared by the Committee—about the current process for managing and selling single-family homes where defaults have occurred on FHA-insured mortgages. The current system has not only proved costly to the government, but has all too often contributed to a cycle of decline in neighborhoods, as HUD-owned homes sit vacant and deteriorate, or a cycle through a series of defaults or pass from owner occupants to investors.

HUD is undertaking a major overhaul of the FHA property disposition process and the Committee applauds this long-overdue effort. However, the Committee believes it essential that any reforms include features to ensure that FHA property disposition procedures contribute to stable and revitalized neighborhoods and homeownership.

Accordingly, the Committee strongly recommends that HUD include the following features in any single-family property disposition reforms. First, special treatment should be given to properties located in "revitalization areas" designated on the basis of factors such as high mortgage default rates, high concentrations of FHA-insured lending, or declining property values. Second, every effort should be made to promote the ultimate sale of HUD-owned homes in revitalization areas to owner-occupants, with provision made for necessary rehabilitation, homeownership counseling and other features needed to make ownership of the home viable in the long run. Third, in dealing with defaulted mortgages in revitalization areas, HUD should work to the maximum extent feasible with state and local government agencies and qualified non-profit organizations with expertise in promoting neighborhood revitalization and homeownership for low- and moderate-income people. Fourth, in structuring bulk or "pipeline" sales of defaulted properties or mortgage notes, HUD should strongly consider building in appropriate incentives for achievement of homeownership and property rehabilitation objectives, and development of partnerships with state and local government agencies and qualified non-profit organizations, as well as giving due consideration to the financial return to the Federal Government.

In addition, the Committee believes it critical to ensure that the number of FHA-insured loans going into default is as low as possible. This goal is important both to reduce costs to the government and reduce adverse effects on homeowners and neighborhoods. The Committee therefore urges HUD to take steps to ensure that lenders and mortgage servicers undertake effective loss mitigation strategies aimed at keeping borrowers in their homes wherever it is possible to work out a viable alternative to foreclosure.

The Committee notes that the Administration has proposed an administrative provision for this bill dealing with the FHA property disposition process and an option for assignment of mortgage notes prior to default. The Committee has not adopted the proposal at this time, without prejudice to future consideration. While the proposal has attractive aspects, the Committee believes that further consideration should be given to the factors discussed above before action is taken.

FHA-GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses	Program costs
Fiscal year 1999 recommendation ..	$50,000,000	$18,100,000,000	$211,455,000	$81,000,000
Fiscal year 1998 appropriation	120,000,000	17,400,000,000	222,305,000	81,000,000
Fiscal year 1999 budget request	150,000,000	18,100,000,000	211,455,000	81,000,000
Comparison with fiscal year 1998 Appropriation	−70,000,000	+700,000,000	−10,805,000	0
Comparison with fiscal year 1999 budget request	0	0	0	0

The general and special risk insurance funds contain the largest number of program administered by the FHA. The GI funds cover a wide variety of special purpose single and multi-family programs, including loans for property improvements, manufactured housing, multi-family rental housing, condominiums, housing for the elderly, hospitals, group practice facilities and nursing homes. The SRI fund includes insurance programs for mortgages in older, declining urban areas which would not be otherwise eligible for insurance, mortgages with interest reduction payments, those for experimental housing and for high-risk mortgagors who would not normally be eligible for mortgage insurance without housing counseling.

The Committee recommends the request to limit loan guarantee commitments for the FHA-general and special risk insurance program account to $18,100,000,000, an increase of $700,000,000 above levels appropriated in fiscal year 1998. The Committee recommends the budget requests of $81,000,000 for credit subsidy, which is the same level appropriated in fiscal year 1998 and of $211,000,000 for administrative expenses, a decrease of $10,805,000 below the fiscal year 1998 appropriation. Finally, the Committee recommends the limitation on direct loans of

$50,000,000, a decrease of $70,000,000 below the fiscal year 1998 request. Like the MMI account, activity in this area has decreased, making the higher limitation unnecessary.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1999 recommendation	$150,000,000,000	$9,383,000
Fiscal year 1998 appropriation	130,000,000,000	9,383,000
Fiscal year 1999 budget request	150,000,000,000	9,383,000
Comparison with fiscal year 1998 appropriation	+20,000,000,000	0
Comparison with fiscal year 1999 budget request	0	0

The guarantee of mortgage-backed securities program facilitates the financing of residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA) and the Farmers Home Administration (FmHA). The Government National Mortgage Association (GNMA) guarantees the timely payment of principal and interest on securities issued by private service institutions such as mortgage companies, commercial banks, savings banks, and savings and loan associations which assemble pools of mortgages, and issues securities backed by the pools. In turn, investment proceeds are used to finance additional mortgage loans. Investors include non-traditional sources of credit in the housing market such as pension and retirement funds, life insurance companies and individuals.

As the budget requests, the bill recommends language to limit loan guarantee commitments for mortgage-backed securities of the Government National Mortgage Association to $150,000,000,000 in 1999. In addition, an appropriation of $9,383,000 is provided to fund administrative expenses.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

Fiscal year 1999 recommendation	$47,500,000
Fiscal year 1998 appropriation	36,500,000
Fiscal year 1999 budget request	50,000,000
Comparison with fiscal year 1998 appropriation	+11,000,000
Comparison with fiscal year 1999 budget request	−2,500,000

The Housing and Urban Development Act of 1970 directs the Secretary to undertake programs of research, studies, testing and demonstrations related to the HUD mission. These functions are carried out internally through contracts with industry, non-profit research organizations, and educational institutions and through agreements with state and local governments and other federal agencies.

The bill includes $47,500,000 for research and technology in fiscal year 1999, a decrease of $2,500,000 below the budget request and an increase of $11,000,000 above fiscal year 1998. Of this amount, the Committee recommends $37,500,000 for research, technology, and policy analysis and $10,000,000 for the Partnership for Advancing Technology in Housing (PATH) initiative, as requested.

The Committee encourages HUD to engage in PATH activities that will provide research, development, testing and engineering protocols for building materials and methods. For example, HUD should consider the relevance of undertaking testing of existing technologies for projects that construct affordable, energy efficient and natural disaster resistant housing. As described in the April 1998 report, "Best Practices," PATH should examine emerging technologies for creating sustainable homes and disseminate the information to the housing industry. The Committee encourages the PATH program to also address the issue of building codes by advocating codes that include rules for high technology, traditional and primitive or non-traditional building materials.

The Committee directs the Office of Policy Development and Research to undertake an assessment of the loss of assisted housing for non-elderly people with disabilities that has occurred since 1993 and report its findings to the Committee by February 1, 1999. The Committee also recommends that PD&R work closely with the disability community on this assessment which should measure the loss of privately-owned assisted housing that has occurred as a result of tenant-selection policies changes. The Committee is concerned that, because HUD does not require that private owners of assisted housing inform the agency when changing tenant selection policies, there is no record of loss of housing that has occurred since this policy was enacted in 1992.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Fiscal year 1999 recommendation	$40,000,000
Fiscal year 1998 appropriation	30,000,000
Fiscal year 1999 budget request	52,000,000
Comparison with fiscal year 1998 appropriation	+10,000,000
Comparison with fiscal year 1999 budget request	−12,000,000

The Fair Housing Act, title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, prohibits discrimination in the sale, rental and financing of housing and authorizes assistance to state and local agencies in administering the provision of the fair housing law.

The Fair Housing Assistance Program (FHAP) assists state and local fair housing enforcement agencies that are certified by HUD as "substantially equivalent" to HUD with respect to enforcement policies and procedures. The FHAP is intended to assure prompt and effective processing of complaints filed under title VIII that are within the jurisdiction of state and local fair housing agencies.

The Fair Housing Initiatives Program (FHIP) is intended to alleviate housing discrimination by providing support to private nonprofit organizations, state and local government agencies and other nonfederal entities for the purpose of eliminating or preventing discrimination in housing, and to enhance fair housing opportunities.

The Committee recommends providing $40,000,000; $16,500,000 for FHAP, including an increase of $1,500,000 for complaint processing, capacity building and related costs, and $23,500,000 for FHIP, of which $7,500,000 is for the Administration's proposal for a nationwide audit to determine the extent of discrimination in rental housing and housing sales, and $1,000,000 for increased education and outreach activities.

The Committee considers FHAP to be an effective program consistent with Congress' intent that regulatory responsibilities rest with state and local governments wherever appropriate. State and local agencies are best positioned to assess the circumstances surrounding, and take remedial action to address fair housing complaints within their jurisdiction.

The Committee is encouraged by HUD's recent testimony stating that the Office of Fair Housing and Equal Opportunity does not intend to use FHIP funds to solicit or fund applications that would address enforcement of the Fair Housing Act against property insurers. As the Committee has previously emphasized, given the limited resources available for enforcement of title VIII, it is appropriate that funds should serve the particular purposes expressly identified by Congress in the statute. The Committee appreciates HUD's acknowledgement of these budgetary priorities and looks forward to the agency's continued cooperation in adhering to them.

The Committee provides $7,500,000 for HUD to undertake a nation-wide audit of discrimination and enforcement in housing rental and sales in 20 communities, both metropolitan and non-metropolitan areas. The Committee believes an audit, designed by HUD's Office of Policy, Development and Research, on sound survey methods will provide a baseline by which to evaluate the problem of discrimination in the nation's housing market. Prior to awarding contracts or grants to undertake the audit, HUD is directed to report to the House and Senate Committees on Appropriations regarding the criteria for selecting the 20 communities involved and the methodologies and standards to be used. HUD is also directed to report to the Committees regarding the results and findings of the audit.

OFFICE OF LEAD HAZARD CONTROL

LEAD HAZARD REDUCTION PROGRAM AND HEALTH HOMES INITIATIVE

Fiscal year 1999 recommendation	$80,000,000
Fiscal year 1998 appropriation	0
Fiscal year 1999 budget request	85,000,000
Comparison with fiscal year 1998 appropriation	+80,000,000
Comparison with fiscal year 1999 budget request	−5,000,000

The Lead Hazard Reduction Program, authorized under the Housing and Community Development Act of 1992 (P.L. 102–550) provides grants to state and local governments to perform lead hazard reduction activities in housing occupied by low-income families. The program also provides technical assistance, undertakes research and evaluations of testing and cleanup methodologies, and develops technical guidance and regulations in cooperation with EPA.

The Committee recommends an appropriation of $80,000,000 for this program, a decrease of $5,000,000 below the request and an increase of $20,000,000 above the fiscal year 1998 level. Within the amount appropriated, the Committee intends that $60,000,000 be used for the on-going program of lead hazard reduction grants, research, technical assistance, and related work, and that the remaining $20,000,000 be used for the new "Healthy Homes Initiative" proposed by the Administration.

The Committee's goal in providing funds for lead hazard control is to help communities make lead safety integral to housing maintenance, repair, and rehabilitation. To achieve this goal, the Committee directs HUD to: 1) emphasize cost-effective interventions, 2) require local grantees to partner with community-based organizations and fund some broad-based strategies, such as free training in safe repainting, encouraging essential maintenance practices, and supporting widespread and routine dust lead testing, and 3) provide grantees flexibility to pursue high payoff opportunities to control other environmental hazards related to housing quality.

Within the funds provided for lead hazard reduction, the Committee directs that $650,000 be used to continue the on-going project to advance consensus lead safety recommendations with emphasis on strategies to protect children at highest risk. Additionally, the Committee directs that at least $350,000 be used to continue the work of the National Center for Lead-Safe Housing in evaluating and disseminating information on lower-cost maintenance and hazard control measures and to revise technical guidelines for evaluating and controlling lead-based paint hazards.

The Committee is encouraged by the risk reduction and education efforts achieved so far by the CLEARCorps program in its efforts to reduce childhood lead poisoning across the country. Within the funds provided for lead hazard reduction grants, the Committee has included $2,500,000 for CLEARCorps to expand its program in cities where it is already operating, as well as to expand into additional urban and rural areas with children at risk from lead poisoning. Because of the importance of systematic evaluation of innovative programs such as this one, the Committee directs that up to 5 percent of the funds allocated to CLEARCorps be reserved by HUD and used for an evaluation of the program, its relative cost, and its effectiveness in reducing lead-based hazards.

A central goal of the Healthy Homes Initiative is to develop and implement a program of research and demonstration projects that would address multiple housing-related problems affecting the health of children. Examples of childhood illnesses and injuries that are often related to housing conditions include asthma (the prevalence of which has increased dramatically in recent years, with especially high rates among low-income and minority families) and the outbreaks of "bleeding lung" in infants that have been traced to toxic molds.

Because multiple hazards often have common causes (for example, moisture can cause paint failure and lead hazards, as well as mold and mildew, associated with asthma and other diseases), the Healthy Homes approach appears superior to addressing these problems one by one. At the same time, designing and implementing cost-effective interventions to multiple housing quality problems is difficult. The Committee requests HUD to submit a plan by January 1, 1999 that inventories the problems to be addressed, describes their intersections, identifies key technical questions, and provides a spending plan allocating funds among technical and policy studies, pilot projects, and emergency remediation. In developing this plan, HUD should seek input and advice from experts and researchers, other federal agencies, and experienced local practitioners.

Within the Healthy Homes Initiative, the Committee directs that a minimum of $4,000,000 be devoted to preventive measures to correct moisture and mold problems in inner-city housing occupied by families with infants in communities where toxic mold exposure has been linked to acute pulmonary hemorrhage and infant death. In addition, as part of the initiative, the Committee also expects HUD to undertake research on moisture and mold prevention through proper ventilation and other means, and to develop and disseminate model standards appropriate to residential housing.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

	Appropriation	By transfer			Total
		FHA funds	GNMA funds	CPD	
Fiscal year 1999 recommendation	$	$	$	$	$985,826,000
Fiscal year 1998 appropriation	0	0	0	0	1,000,826,000
Fiscal year 1999 budget request	0	0	0	0	1,000,826,000
Comparison with fiscal year 1998 appropriation	0	0	0	0	−15,000,000
Comparison with fiscal year 1999 budget request	0	0	0	0	−15,000,000

The Administration requests a single appropriation to finance all salaries and related costs associated with administering the programs of the Department of Housing and Urban Development, except the Office of Inspector General and the Office of Federal Housing Enterprise Oversight. These activities include housing, mortgage credit, and secondary market programs, community planning and development programs, departmental management, legal services, field direction and administration.

The Committee recommends $985,826,000, a decrease of $15,000,000 below the request and $15,000,000 below the fiscal year 1998 appropriation. HUD is directed to make these decreases from the contracting components of the "Other Services" account and from the travel account.

The Committee is aware of concerns that, perhaps due to stringent personnel reduction goals, HUD may be contracting out various functions without adequate consideration as to whether the work could be performed less expensively or more effectively by HUD personnel. In light of these concerns, the Committee requests HUD to review its procedures for determining whether particular functions and assignments will be contracted out. The Committee further requests HUD to report to the House and Senate committees on Appropriations no later than September 1, 1998, regarding the specific procedures HUD has in place (or intends to implement) for determining whether particular work will be contracted out or performed in-house, including procedures for considering the relative costs and benefits of the two approaches. The report should also discus the extent to which HUD has used procedures under OMB Circular A–76, and the factors HUD considers in deciding whether to use these procedures.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	FHA funds	Drug elim. grants	Total
Fiscal year 1999 recommendation	$	$	$	$81,910,000
Fiscal year 1998 appropriation	0	0	0	66,850,000
Fiscal year 1999 budget request	0	0	0	66,850,000
Comparison with fiscal year 1998 appropriation	0	0	0	+15,060,000
Comparison with fiscal year 1999 budget request	0	0	0	+15,060,000

The Office of Inspector General provides agency-wide audit and investigative functions to identify and correct management and administrative deficiencies that create conditions for existing or potential instances of fraud, waste and mismanagement. The audit function provides internal audit, contract audit and inspection services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, re-pricing and settlement of contracts. Internal audits review and evaluate all facets of agency operations. Inspection services provide detailed technical evaluations of agency operations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel and operations.

The Committee recommends $81,910,000 for the Office of Inspector General, which incorporates $22,343,000 transferred from various funds of the FHA and $10,000,000 transferred from Drug Elimination Grants. The appropriation is an increase of $15,060,000 above the request and $15,060,000 above the fiscal year 1998 appropriation.

The increase in funding is for an initiative to investigate possible fraud in all of HUD's programs. The initiative is being conducted in conjunction with the Federal Bureau of Investigation (FBI) and the Department of Justice. Activities are targeted at fraudulent and other criminal activities. By increasing enforcement actions such as these, the families that are the intended beneficiaries of HUD's various programs are actually assured of receiving the assistance. Furthermore, program credibility is increased as HUD's programs are better protected.

Office of Federal Housing Enterprise Oversight

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$16,551,000
Fiscal year 1998 appropriation	16,000,000
Fiscal year 1999 budget request	16,551,000
Comparison with fiscal year 1998 appropriation	+551,000
Comparison with fiscal year 1999 budget request	0

The Office of Federal Housing Enterprise Oversight (OFHEO) was established in 1992 to regulate the financial safety and soundness of the two housing government-sponsored enterprises (GSEs)—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The office was authorized in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, and gave the regulator enhanced authority to enforce these standards. In addition to financial regulation, the OFHEO monitors the GSEs compliance with affordable housing goals that were contained in the Act.

The Committee recommends the request of $16,551,000, an increase of $551,000 above the fiscal year 1998 appropriation. The Committee is pleased to note that OFHEO has committed to deliver the risk-based capital proposal to the Office of Management and Budget (OMB) by September 30, 1998. The Committee is pleased with the progress, though long overdue, that has been made in this direction.

ADMINISTRATIVE PROVISIONS

The bill contains a number of administrative provisions.

Section 201 imposes minimum rents in public and assisted housing, eliminates federal preferences and allows the public housing capital fund to be used more flexibly.

Section 202 delays for three months the reissuance of section 8 vouchers and certificates.

Section 203 corrects an anomaly in the HOPWA formula that results in the loss of funds for a state when the incidence of AIDS in a large city increases.

Section 204 allows PHAs to draw down capital grant funds on construction-related schedules, and deposit the funds in escrow accounts to collateralize bonds for construction or rehabilitation. As a result, tax-exempt bonds can be issued at reduced rates, thereby allowing low-cost access to low income housing tax credits.

Section 205 provides a lower rent subsidy for a new one-person voucher or certificate holder or a mover based on the cost of an efficiency apartment instead of a one-bedroom.

Section 206 eliminates the shopping incentive for families who choose to rent an apartment with a lower rent than the HUD standard.

Section 207 allows HUD to renegotiate the current formula for distributing operating subsidies through the negotiated rulemaking process. The current system has not been substantially changed in many years. A revised formula should be simpler, more equitable and provide better incentives for sound, cost-effective public housing management.

Section 208 provides regulatory relief for a project in Oxnard, California.

Section 209 extends a provision allowing the City and Country of Los Angeles to use up to 25 percent of their CDBG grant allocations for public services.

TITLE III

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$26,431,000
Fiscal year 1998 appropriation	26,897,000
Fiscal year 1999 budget request	23,931,000
Comparison with fiscal year 1998 appropriation	−466,000
Comparison with fiscal year 1999 budget request	+2,500,000

The Commission is responsible for the administration, operation and maintenance of cemetery and war memorials to commemorate the achievements and sacrifices of the American Armed Forces where they have served since April 6, 1917. In performing these functions, the American Battle Monuments Commission maintains twenty-four permanent American military cemetery memorials and thirty-one monuments, memorials, markers and offices in fifteen foreign countries, the Commonwealth of the Northern Mariana Islands, and the British dependency of Gibraltar. In addition, five memorials are located in the United States: the East Coast Memorial in New York; the West Coast Memorial, The Presidio, in San Francisco; the Honolulu Memorial in the National Memorial Cemetery of the Pacific in Honolulu, Hawaii; and the American Expeditionary Forces Memorial and the Korean War Veterans Memorial in Washington, DC.

The Committee recommends $26,431,000 for fiscal year 1999 to administer, operate and maintain the Commission's monuments, cemeteries, and memorials throughout the world.

This amount represents an increase of $2,500,000 above the budget request and is the second increment provided the Commission to reduce the maintenance backlog identified prior to passage of the fiscal 1998 appropriation. The Committee notes and commends the work performed in this regard so far by the Commission, and intends over the next few years that the backlog be further reduced. These actions will ensure that the cemeteries and memorials under ABMC's jurisdiction are maintained at a high standard to reflect the nation's continuing commitment to its Honored War Dead and their families. These funds will support a staffing level of 362, a decrease of one below the 1998 level.

The Committee noted in last year's Report the structural and maintenance problems with the Korean War Veterans Memorial. Clearly, such problems should not have occurred in a project that was dedicated just a year before. The Committee restates its expectation that ABMC will take action to ensure that similar problems do not occur in the design and construction of the World War II Memorial.

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$6,500,000
Fiscal year 1998 appropriation	4,000,000
Fiscal year 1999 budget request	7,000,000
Comparison with fiscal year 1998 appropriation	+2,500,000
Comparison with fiscal year 1999 request	−500,000

The Chemical Safety and Hazard Investigation Board was authorized by the Clean Air Act Amendments of 1990 to investigate accidental releases of certain chemical substances resulting in serious injury, death, or substantial property damage. The Board became operational in fiscal year 1998.

For fiscal year 1999, the Committee is recommending $6,500,000, an increase of $2,500,000 above last year's funding level, and a decrease of $500,000 below the budget request.

Although the Board has been in operation for a very short period of time, the Committee is generally pleased with its early accomplishments. Nevertheless, the Board will likely undergo continued growing pains over the next several months, and the Committee cautions the Board to remain diligent with respect to monitoring costs and making careful, deliberate management decisions. As noted in the conference report and joint explanatory statement accompanying last year's spending measure, fiscal limitations forecast for the foreseeable future mean that the Board cannot expect substantial growth in terms of staffing or operational expenses over the next few years.

Bill language has been included which limits the number of career senior executive service positions to three.

DEPARTMENT OF THE TREASURY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Fiscal year 1999 recommendation	$80,000,000
Fiscal year 1998 appropriation	80,000,000
Fiscal year 1999 budget request	125,000,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 request	−45,000,000

The Community Development Financial Institutions fund provides grants, loans and technical assistance to new and existing community development financial institutions such as community development banks, community development credit unions, revolving loan funds and micro-loan funds. Recipients must use the funds to support mortgage, small business and economic development lending in currently underserved, distressed neighborhoods. The CDFI fund also operates as an information clearinghouse for community development lenders.

The Committee recommends an appropriation of $80,000,000 for the program in fiscal year 1999. The recommendation is a decrease of $45,000,000 below the budget request but is the same appropriation as fiscal year 1998.

Last year, serious problems were raised about the past management of the CDFI fund. Since the resignations of the Director and Deputy Director, the fund has undergone significant managerial changes. The Committee applauds the efforts of the new management and staff to develop and implement strong systems for objective review of grant applications, performance monitoring, and financial control.

The Committee remains concerned, however, that until all management changes and improvements are implemented, a funding increase of this magnitude is not prudent. Furthermore, the Committee encourages the CDFI, during this building period, to improve data collection systems to better track and to measure the performance of grantees that receive grants from the fund.

Consumer Product Safety Commission

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$46,000,000
Fiscal year 1998 appropriation	45,000,000
Fiscal year 1999 budget request	46,500,000
Comparison with fiscal year 1998 appropriation	+1,000,000
Comparison with fiscal year 1999 request	−500,000

The Consumer Product Safety Act established the Consumer Product Safety Commission, an independent Federal regulatory agency, to reduce unreasonable risk of injury associated with consumer products. Its primary responsibilities and overall goals are: to protect the public against unreasonable risk of injury associated with consumer products; to develop uniform safety standards for consumer products, minimizing conflicting State and local regulations; and to promote research into prevention of product-related deaths, illnesses, and injuries.

The Committee recommends an appropriation of $46,000,000 for fiscal year 1999, a decrease of $500,000 from the President's budget request and an increase of $1,000,000 to the fiscal year 1998 level.

The Committee recommendation includes a non-prejudicial reduction of $500,000. The agency is directed to apply this reduction in an equitable manner rather than applying all of the reduction to only one or two programs.

The Committee congratulates the Commission on its role in developing mandatory and voluntary crib safety standards. However, deaths from cribs still exceed all other nursery products combined. Over 9,000 children are injured in cribs every year seriously enough to require hospital treatment. In the past 10 years, over 550 children died from crib injuries. One problem is that safety standards that apply to manufacturers are not enforced for cribs sold in secondary markets such as thrift stores and resale furniture stores. The Committee encourages the Commission to develop an annual public awareness program to educate both retailers and consumers on the consequences of selling and purchasing unsafe cribs.

The Committee is concerned that the Commission may take action with regard to the chemical treatment of upholstered furniture to resist small flames without adequate study of the effects of such treatment. The Commission has made mistakes in the past because of inadequate knowledge, in particular the requirement that all baby sleepwear be coated with a flame retardant chemical. At the time the requirement was adopted, there was only one chemical which satisfied the Commission's requirements, that was TRIS. Later it was discovered that TRIS was a toxic danger to children and all baby sleepwear coated with TRIS had to be recalled from homes, retailers, and distributors. In the interest of avoiding a similar problem, the Committee has included bill language which will direct the Commission to take steps to increase knowledge of chemicals under consideration before regulations are promulgated. First, the Committee directs the Commission to work with the National Institute on Environmental Health Sciences to conduct a thorough study of all the flame retardant chemicals that are currently under consideration by the Commission. The Institute is to study the following chemicals: boric acid, decabromodiphenyl oxide, hexabromocyclododecane, antimony trioxide, tris phosphate, urea, phenol isopropylated phosphate, ammonium bromide, phosphorothioic acid, phosphonic acid, ammonium polyphosphate, ammonium sufamate, triphenyl phosphate, and melamine. Second, the Committee has included bill language which directs the Commission to convene a Chronic Hazard Advisory Panel, which is to use the findings of the NIEHS study on flame retardant chemicals as the basis for its recommendation regarding regulations for flame resistant upholstered furniture.

In addition to the forgoing, the Committee has included direction in the FEMA section of the report and bill for a pilot project to determine if proper use of smoke detectors could reduce death and injury by fire more effectively than new regulations.

Corporation for National and Community Service

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

Fiscal year 1999 recommendation	0
Fiscal year 1998 appropriation	$425,500,000
Fiscal year 1999 budget request	499,316,000
Comparison with fiscal year 1998 appropriation	−425,500,000
Comparison with fiscal year 1999 budget request	−499,316,000

The Corporation for National and Community Service was established by the National and Community Service Trust Act of 1993 to enhance opportunities for national and community service and provide national service educational awards. The Corporation makes grants to States, institutions of higher education, public and private nonprofit organizations, and others to create service opportunities for a wide variety of individuals such as students, out-of-school youth, and adults through innovative, full-time national and community service programs. National service participants may receive educational awards which may be used for full-time or part-time higher education, vocational education, job training, or school-to-work programs. Funds for the Volunteers in Service to America and the National Senior Service Corps are provided in the Labor-Health and Human Services-Education Appropriations bill.

The fiscal year 1999 budget request for program and administrative activities of the Corporation for National and Community Service is $502,316,000. Funding for this activity is not possible within the allocation. The Committee recommends that the national service program be terminated in fiscal year 1999.

The national service program is structured so that the majority of funds are obligated at the end of the fiscal year and spent during the next fiscal year. As such, funds will be needed in fiscal year 1999 to administer the 1998 program grants and for necessary termination costs. The bill includes language that will permit the Corporation to use fiscal year 1998 funds for necessary administrative expenses and termination costs. The funds are also made available to cover necessary administrative and termination costs of the Office of Inspector General.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation	0
Fiscal year 1998 appropriation	$3,000,000
Fiscal year 1999 budget request	3,000,000
Comparison with fiscal year 1998 appropriation	−3,000,000
Comparison with fiscal year 1999 budget request	−3,000,000

The Office of Inspector General is authorized by the Inspector General Act of 1978, as amended. This Office provides an independent assessment of all Corporation operations and programs, including those of the Volunteers in Service to America and the National Senior Service Corps, through audits, investigations, and other proactive projects.

The Committee recommends that this activity be terminated. All necessary fiscal year 1999 administrative and termination costs for the Office of Inspector General will be provided from fiscal year 1998 programs funds of the Corporation.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$10,195,000
Fiscal year 1998 appropriation	9,319,000
Fiscal year 1999 budget request	10,195,000
Comparison with fiscal year 1998 appropriation	+876,000
Comparison with fiscal year 1999 budget request	0

The Veterans Benefits Administration Adjudication Procedure and Judiciary Review Act established the Court of Veterans Appeals. The Court reviews appeals from Department of Veterans Affairs claimants seeking review of a benefit denial. The Court has the authority to overturn findings of fact, regulations and interpretations of law.

The bill includes the budget request of $10,195,000 for the Court of Veterans Appeals in fiscal year 1999, an increase of $876,000 above the current year appropriation. The bill also includes requested language earmarking $865,000 for the pro bono representation program.

Department of Defense—Civil

Cemeterial Expenses, Army

salaries and expenses

Fiscal year 1999 recommendation	$11,666,000
Fiscal year 1998 appropriation	11,815,000
Fiscal year 1999 budget request	11,666,000
Comparison with fiscal year 1998 appropriation	−149,000
Comparison with fiscal year 1999 budget request	0

The Secretary of the Army is responsible for the administration, operation and maintenance of Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery. At the close of fiscal year 1997, the remains of 266,351 persons were interred/inurned in these cemeteries. Of this total, 230,193 persons were interred and 21,838 remains inurned in the Columbarium in Arlington National Cemetery, and 14,320 remains were interred in the Soldiers' and Airmen's Home National Cemetery. There were 3,525 interments and 2,000 inurnments in fiscal year 1997. It is projected that there will be 3,500 interments and 2,000 inurnments in fiscal year 1998; and 3,600 interments and 2,100 inurnments in fiscal year 1999. In addition to its principal function as a national cemetery, Arlington is the site of approximately 2,700 nonfuneral ceremonies each year and has approximately 4,000,000 visitors annually.

The Committee recommends the budget request of $11,666,000 and 112 full-time equivalents to administer, operate, maintain and provide ongoing development at the Arlington National and Soldiers' and Airmen's Home National Cemeteries in fiscal year 1999.

Environmental Protection Agency

Fiscal year 1999 recommendation	$7,422,739,000
Fiscal year 1998 appropriation	7,363,046,000
Fiscal year 1999 budget request	7,790,275,400
Comparison with fiscal year 1998 appropriation	+59,693,000
Comparison with fiscal year 1999 budget request	−367,536,400

The Environmental Protection Agency was created by Reorganization Plan No. 3 of 1970, which consolidated nine programs from five different agencies and departments. Major EPA programs include air and water quality, drinking water, hazardous waste, pesticides, radiation, toxic substances, enforcement and compliance assurance, pollution prevention, oil spills, Superfund and the Leaking Underground Storage Tank (LUST) program. In addition, EPA provides Federal assistance for wastewater treatment, drinking water facilities, and other water infrastructure projects. The agency is responsible for conducting research and development, establishing environmental standards through the use of risk assessment and cost-benefit analysis, monitoring pollution conditions, seeking compliance through a variety of means, managing audits and investigations, and providing technical assistance and grant support to states and tribes, which are delegated authority for actual program implementation. Finally, the Agency participates in some international environmental activities.

Among the statutes for which the Environmental Protection Agency has sole or significant oversight responsibilities are:

National Environmental Policy Act of 1969, as amended.

Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

Toxic Substances Control Act, as amended.

Federal Water Pollution Control Act, as amended.

Marine Protection, Research, and Sanctuaries Act of 1972, as amended.

Oil Pollution Act of 1990

Public Health Service Act (Title XIV), as amended.

Solid Waste Disposal Act, as amended.

Clean Air Act, as amended.

Safe Drinking Water Act, as amended.

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

Emergency Planning and Community Right-to-Know Act of 1986.

Pollution Prevention Act of 1990.

Resource Conservation and Recovery Act, as amended.

For fiscal year 1999, the Committee has recommended a total program and support level of $7,422,739,000, an increase of $59,693,000 above the last year's appropriated level and a decrease of $367,536,400 from the budget request.

Of the amounts approved in the following appropriations accounts, the Agency must limit transfers of funds between objectives to not more than $500,000, except as specifically noted, without prior approval of the Committee. No changes may be made to any account or objective, except as approved by the Committee, if it is construed to be policy or a change in policy. Any activity or program cited in the report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. It is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above. The Agency is expected to comply with all normal rules and regulations in carrying out these directives. Finally, the Committee wishes to continue to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

SCIENCE AND TECHNOLOGY

Fiscal year 1999 recommendation [1]	$656,505,000
Fiscal year 1998 appropriation	631,000,000
Fiscal year 1999 budget request	632,090,000
Comparison with fiscal year 1998 appropriation	+25,505,000
Comparison with fiscal year 1999 budget request	+24,415,000

[1] Totals do not include transfers of funds from the Hazardous Substance Superfund.

The Science and Technology account funds all extramural Environmental Protection Agency research (including Hazardous Substances Superfund research activities) carried out through grants, contracts, and cooperative agreements with other Federal agencies, states, universities, and private business, as well as on an in-house basis. This account also funds supplies and operating expenses for all Agency research. Research addresses a wide range of environmental and health concerns across all environmental media and encompasses both long-term basic and near-term applied research to provide the scientific knowledge and technologies necessary for preventing, regulating, and abating pollution, and to anticipate merging environmental issues.

The Committee has recommended an appropriation of $656,505,000 for Science and Technology for fiscal year 1999, an increase of $25,505,000 above last year's spending level, and an increase of $24,415,000 above the budget request.

The Committee's recommended appropriation includes the following increases to the budget request:

1. +$1,250,000 for continuation and Calif. Regional PM 10 & 2.5 air quality study.
2. +$2,500,000 for EPSCoR.
3. +$700,000 for continuation of study of livestock and agricultural pollution abatement at Tarleton State University.
4. +$3,000,000 for Water Environmental Research Foundation.
5. +$3,000,000 for continued research on urban waste management at the Univ. of New Orleans.
6. +$2,650,000 for continued perchlorate research through the East Valley Water District.
7. +$2,500,000 for the Mickey Leland Natl. Urban Air Toxics Research Center.
8. +$4,000,000 for the American Water Works Assn. Research Foundation, including $1,000,000 for continued research on arsenic.
9. +$2,000,000 for the Natl. Decentralized Water Resource Capacity Development Project, in coordination with EPA, for continued training and R&D program.
10. +$1,500,000 for the Integrated Public/Private Energy and Environmental Consortium project.
11. +$1,000,000 to establish an environmental molecular toxicology program at the University of Montana.
12. +$1,000,000 for the National Center for Atlantic and Caribbean Reef Research at the Rosenstiel School of Marine and Atmospheric Science.
13. +$5,000,000 to CE-CERT at the Univ. of Calif./Riverside for the development of a next generation environmental chamber to enable advanced research into atmospheric processes under low NO_X conditions ($3,000,000) and for the development of test track research facilities($2,000,000).
14. +$2,000,000 for continued Salton Sea research at the University of Redlands.
15. +$1,000,000 to the Univ. of New Hampshire to develop, test, and evaluate innovative technologies for enhanced bioremediation of organically contaminated bedrock aquifers.
16. +$1,500,000 for the Lovelace National Environmental Respiratory Center.
17. +$2,500,000 for the Gulf Coast Hazardous Substance Research Center.
18. +$1,000,000 for the development, design, and implementation of a research effort on tributyltin based ship bottom paints at Old Dominion Univ.
19. +$25,000,000 to be merged with the budget request to implement the National Research Council/EPA research plan for particulate matter.

Other Science and Technology program levels include:

1. Climate change research is funded at $26,951,000, an increase of $10,000,000 over the 1998 level.

2. Global change is funded at $14,143,000, the same as the 1998 level.

3. The new Advanced Measurement program is not funded.

4. Project EMPACT is funded at the 1998 level of $6,630,000.

For Science and Technology, no general reduction is proposed.

In addition to the funds provided through appropriations directly to this account, the Committee has recommended that $40,000,000 be transferred to "Science and Technology" from the "Hazardous Substance Superfund" account for ongoing research activities consistent with the intent of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

Within the funds provided for Science and Technology, the Committee directs the continuation of a $2,000,000 initiative to transfer technology developed in federal laboratories to meet the environmental needs of small companies in the Great Lakes region. This initiative should be accomplished through a NASA sponsored Midwest regional technology transfer center working in collaboration with an HBCU from the region.

The Committee's recommendation fully funds the Environmental Research Centers, and the Agency is directed to provide $1,000,000 from within appropriated resources for the university portion of the Southern Oxidants Study. Similarly, the Committee expects the Agency to provide funding for the Hazardous Substance Research Centers at no less than the fiscal year 1998 level.

The Committee is aware of EPA's draft National Sediment Quality Survey issued in July 1996 in which the Agency concluded, among other things, that the preferred means of controlling sedimentation contamination risks to human health and the environment is through natural recovery. Despite this conclusion, however, dredging is currently being considered as a remediation tool even though the impact of such an invasive approach is often unknown. Last year, the Committee directed the Agency to enter into an arrangement with the National Academy of Sciences to conduct a review which evaluates the availability, effectiveness, costs, and effects of technologies for the remediation of sediments contaminated with polychlorinated biphenyls, including dredging and disposal. This study was requested to be completed by April 1, 1999. In light of this, the Committee directs the Agency to take no action which will utilize dredging as a remediation tool until this study has been completed and distributed and analyzed by all interested parties, including Congress.

Again this year, the Committee notes that the Experimental Program to Stimulate Competitive Research (EPSCoR) is designed to improve the scientific and technological capacity of states with less developed research infrastructure. Developed with NASA and the National Science Foundation as partners, the Committee has provided EPA with $2,500,000 for its continued participation in this program. In addition, the Committee directs ORD to maintain its on-going commitment to the Middle Atlantic Region in terms of funding and FTEs to complete the demonstration and evaluation of the EMAP approach in a specific geographic area.

Last year, the Congress established a framework for the National Academy of Sciences (NAS) to develop a comprehensive prioritized, near and long-term particulate matter research program, as well as a plan to monitor how this research program is carried out by all participants in the research effort. NAS assembled an extraordinary group of science and medical professionals who produced a very high quality report—titled "Research Priorities for Airborne Particulate Matter: Immediate Priorities and a Long-Range Research Portfolio"—well within the exceedingly short time-frame requested by the Congress. The NAS panel of experts, as well as the excellent staff who devoted hundreds of hours to this effort, are to be commended for their hard work and for the exemplary report they produced. This document will clearly serve as a guidepost to achieve the purposes intended by the Congress in developing this effort, which first was to identify the research gaps regarding the potential health effects of particulate matter, and then to provide the resources to conduct the necessary research effort.

While the NAS has thus had a large role in the development of a new, near-term PM research plan—and will have yet a further role in the development of a long-term research plan as well as the monitoring of the implementation of both—the Environmental Protection Agency has by far the largest role in this process created by Congress. It is the EPA that must quickly and efficiently integrate the NAS plan with the research plan outlined in the original fiscal year 1998 budget request as well as with the fiscal year 1999 request. It is the EPA that must quickly and efficiently review research applications and issue grant awards so as to get this necessary research underway. It is the EPA who must later take the completed research and integrate it into any regulatory scheme that the research suggests is appropriate. The Committee acknowledges the complexity and immense nature of this task, but strongly believes that the Agency is not only capable of but, indeed, committed to meeting this challenge. That the Agency moved so quickly in developing and executing the initial contract with NAS as requested by the Congress is evidence of this commitment, and the Committee commends the Agency for its efforts in this regard.

For fiscal year 1999, the Committee has provided $53,700,000 for continued PM research, an increase of $25,000,000 above the budget request. The Committee notes that the actual obligation of 1998 funds has, for many reasons, not proceeded at the pace originally expected. Because the Agency has established 2002 as the date of the next NAAQS review, it is imperative that research be well underway and, where possible, providing important data into the review and decision making processes. It is thus the Committee's intention that these funds, along with any remaining 1998 appropriations, be obligated as quickly as possible. With regard to this activity, the Agency is instructed not to await approval of the annual operating plan prior to obligation of these funds.

The language provided in the conference report and joint explanatory statement of the committee of conference which accompanied last year's statutory expenditure for PM research, called for the Agency "to implement the [NAS] plan, including the conduct of appropriate peer review and the distribution of intramural and extramural funds, in a manner which assures that research as determined in the plan will proceed in an orderly and timely fashion, and according to the priority basis outlined by NAS.'' The language goes on to permit EPA to essentially appeal the inclusion of any topic or priority listing included in the NAS research plan if there is disagreement on the part of the Agency, and such disagreement must be submitted to the Congress with a detailed analysis and a description of the Agency's proposed alternative. The Committee once again embraces this approach and expects the NAS plan to be fully implemented unless this ''appeals'' procedure is followed on a timely basis. As stated at the outset, the Committee desires all interested participants in this research effort to be fully engaged and striving for the common sense goal of enhancing our knowledge prior to the development or implementation of any regulatory proposal.

Finally, the Committee notes that in its March 31, 1998 report on PM research priorities, NAS stated that EPA's plans for its monitoring program ''should be thoroughly and independently peer-reviewed at an early date . . .'' The concern raised by the NAS was that, ''If particular biologically important constituents or characteristics of particulate matter exist and are not adequately identified, then fixed-site or personal monitors could fail to indicate the most serious particulate-matter risks to public health.'' The large investment in monitors that the Agency is undertaking—and that the Committee has supported through section 105/103 grants in the State and Tribal Assistance Grants account of this measure—must be spent intelligently.

Therefore, the Committee requests that NAS assist EPA's Clean Air Science Advisory Committee (CASAC) by providing recommendations regarding the number and location of monitors and specific objectives and operating conditions for the various types of monitors in EPA's plan. Also, NAS shall evaluate the adequacy of the monitoring plan to characterize those constituents of PM that are biologically active. NAS should augment, as needed, its current panel to carry out this important review; and to the extent that it is necessary to amend the contract with NAS to accommodate this additional activity, EPA is directed to do so within 45 days of enactment of this legislation. The NAS is expected to facilitate a thorough peer review of EPA's monitoring plan by CASAC.

The Gulf Coast region of the United States faces some of the most challenging air quality problems in the nation. Its meteorology and climatology is dominated by the western Gulf with extremes in humidity, precipitation, and coastal air mass movements. Moreover, the area witnesses an unusual mix of large industrial emission sources, extensive transportation emission sources, significant biogenic emissions, and a complex coastal meteorology. These sources and the meteorology interact to produce ozone, hazardous air pollutants, and fine particulate matter.

Because the foundation of this air problem is primarily of a local and regional nature, local resources, such as the Gulf Coast Hazardous Substance Research Center, can often provide the experience and commitment necessary to meet the needs of air research goals. The Committee thus strongly encourages the Agency to utilize, whenever appropriate, the GCHSRC and other such valuable resources in the conduct of the research program for particulate matter and other pollutants.

The Committee supports EPA research on environmental lung disease at the Environmental Lung Center of National Jewish Medical and Research Center, in Denver, and expects EPA to continue this research, which is important because of the need to base environmental regulation on sound science and to develop effective strategies for prevention, detection, and treatment of environmental lung disease.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Fiscal year 1999 recommendation	$1,856,000,000
Fiscal year 1998 appropriation	1,801,000,000
Fiscal year 1999 budget request	1,990,150,000
Comparison with fiscal year 1998 appropriation	+55,000,000
Comparison with fiscal year 1999 budget request	−134,150,000

The Environmental Programs and Management account encompasses a broad range of abatement, prevention, and compliance, and personnel compensation, benefits, and travel expenses for all media and programs of the Agency except Hazardous Substance Superfund, Leaking Underground Storage Tank Trust Fund, Oil Spill Response, and the Office of Inspector General.

Abatement, prevention, and compliance activities include setting environmental standards, issuing permits, monitoring emissions and ambient conditions and providing technical and legal assistance toward compliance and oversight. In most cases, the states are directly responsible for actual operation of the various environmental programs. In this regard, the Agency's activities include oversight and assistance in the facilitation of the environmental statutes.

In addition to program costs, this account funds administrative costs associated with the operating programs of the Agency, including support for executive direction, policy oversight, resources management, general office and building services for program operations, and direct implementation of all Agency environmental programs—except those previously mentioned—for Headquarters, the ten EPA Regional offices, and all non-research field operations.

For fiscal year 1999, the Committee has recommended $1,856,000,000 for Environmental Programs and Management, an increase of $55,000,000 over the last year's level and a decrease from the budget request of $134,150,000. This account encompasses most of those activities previously conducted through the Abatement, Control and Compliance and Program and Research Operations accounts. In 1996, these accounts, except for certain research operations and the state categorical grant program, were merged in order to provide greater spending flexibility for the Agency. Bill language is included which makes this appropriation available for two fiscal years and, for this account only, the Agency may transfer funds of not more than $500,000 between objectives without prior notice to the Committee, and of not more than $1,000,000 without prior approval of the Committee. But for this difference, all other reprogramming procedures as outlined earlier shall apply.

The Committee's recommended appropriation includes the following increases to the budget request:

1. +$3,000,000 for the Michigan Biotechnology Institute for continued development of viable cleanup technologies.
2. +$1,500,000 for the Lake Wallenpaupack, Penn. environmental restoration project.
3. +$130,000 for the Saint Vincent watershed environmental restoration project.
4. +$500,000 for continued activities of the Small Business Pollution Prevention Center at the Univ. of Northern Iowa.
5. +$1,101,000 for Natl. Estuary Program.
6. +$1,300,000 for the Great Lakes National Program Office.
7. +$750,000 for the painting and coating compliance project at the University of Northern Iowa.
8. +$500,000 for continuation of the Idaho Water Initiative.
9. +$2,000,000 for continuation of the Sacramento River Toxic Pollution Control Project, to be cost shared.
10. +$1,300,000 for continuation of water reuse demonstration projects in Yucca Valley ($500,000) and Twenty Nine Palms ($800,000), Calif.
11. +$700,000 for ongoing activities at the Canaan Valley Institute.
12. +$3,000,000 for the Southwest Center for Env. Research & Policy (SCERP).
13. +$3,000,000 for the National Institute for Environmental Renewal to establish a regional environmental data center, and to develop an integrated, automated water quality monitoring and information system for watersheds impacting the Chesapeake Bay.
14. +$500,000 for continuation of the Small Water Systems Institute at Montana State Univ.
15. +$13,550,000 for rural water technical assistance activities and groundwater protection with distribution as follows: $8,500,000 for the NWRA; $2,100,000 for RCAP; $400,000 for GWPC; $1,550,000 for Small Flows Clearinghouse; and $1,000,000 for the NETC.
16. +$1,000,000 for implementation of the National Biosolids Partnership Program.
17. +$1,000,000 for continued work on the Soil Aquifer Treatment Demonstration Project.
18. +$3,000,000 for continuation of the New York and New Jersey dredge decontamination project.
19. +$1,000,000 for continued work on the water quality management plans for the Onandaga and Cayuga County, New York watersheds.
20. +$400,000 for continued work on the Cortland, Co. New York aquifer protection plan, $150,000 of which is for planning and implementation of the Upper Susquehanna watershed.
21. +$500,000 for operation of the Long Island Sound Office.
22. +$1,000,000 for the Southern Appalachian Mountain Initiative.
23. +$1,000,000 for continued operations of the California Urban Environmental Research and Education Center.

24. +$1,500,000 for a one-year demonstration of Project SEARCH (Special Environmental Assistance for Regulations of Communities and Habitat) in Idaho.

25. +$2,500,000 for the National Center for Excellence for Environmental Management at the University of Findlay.

26. +$500,000 to analyze the environmental and public health impacts of waste transfer stations in Hunts Point, South Bronx, New York. The Committee expects the Agency to include the community in the design and implementation of the study.

27. +$100,000 to the Miami-Dade County Department of Environmental Resources Management to expand the existing education program.

28. +$200,000 for the Northwest Citizen's Advisory Commission to coordinate research and education efforts of environmental issues covering the entire Northwest Straits area.

29. +$2,500,000 for the Federal Energy Technology Center and EPA Region III to conduct a comprehensive acid mine drainage clean-up program.

30. +$500,000 to initiate a surface water improvement demonstration project in Mecklenberg, NC.

31. +$125,000 to the University of Louisville for the establishment of a regional environmental finance center at the Kentucky Institute for the Environment and Sustainable Development.

32. +$200,000 for development of the Callegues Creek, Ca. watershed management plan.

33. +$3,000,000 to Lycoming County, Pa. to assist in the development of a comprehensive CSO plan.

34. +$2,500,000 to the Lake Pontchartrain Basin Foundation circuit rider water quality initiative in Fluker Chapel and Mandeville, La.

35. +$3,500,000 for the Environmental Technology Commercialization Center (ETC2) in Cleveland, Ohio.

36. +$2,000,000 to support efforts to address causes, mechanisms, and health and environmental effects of Pfiesteria.

37. +$500,000 for treatment of uranium contamination of well heads within the Morongo Valley Community Service District, Ca.

38. +$4,000,000 for the New River, Ca. environmental restoration project by the Imperial Irrigation District.

39. +$10,000,000 to the Salton Sea Authority for extensive planning, development, and permitting requirements.

40. +$750,000 for watershed management initiatives at Santa Ana River, Riverside County, Ca.

41. +$750,000 for water restoration activities at the City of Stockton, California waterfront.

42. +$10,000,000 for a National Community Decentralized Wastewater Demonstration Project, to be cost shared.

43. +$320,000 for the St. Mary's River, Maryland watershed management and monitoring program.

Other Environmental Programs and Management funding levels include:

1. The Montreal Protocol Multilateral Fund is provided $12,000,000, the same as in FY1998.
2. The Climate Change Technology Initiative will receive $72,500,000, nearly identical to 1998 funding.

3. The enforcement programs will receive the 1998 level of $232,000,000.

4. Project EMPACT is provided the 1998 level of $8,492,000.

5. No funds have been provided for the GLOBE (−$1,000,000), Urban Liveability (−$1,598,000), and the OSWER Chemical Action Prevention (−$1,000,000) programs. OSWER is expected to assist the Chemical Safety and Hazard Investigation Board within available funds.

For Environmental Programs and Management, a general reduction of $100,350,000 is being proposed.

As in fiscal year 1998, the Committee continues to strongly support the EPA Finance Centers and directs that they be funded at no less than the 1998 level.

The Committee notes that the Great Lakes program office has received an increase of $1,300,000 over the budget request of $20,157,000. The National Estuary Program has been funded with an increase of $1,101,000 above the budget request of $16,899,000, and the Committee directs that no more than $4,300,000 is available for EPA's intramural costs of the program . The Chesapeake Bay program is likewise fully funded at $18,880,000. Finally, the Committee notes that the budget request for the "Clean Water Action Plan," which includes funds provided through both the "Environmental Programs and Management" and "State and Tribal Assistance Grants" has been provided in full by the Committee. Within the amounts provided for the Clean Water Action Plan, no less than $7,500,000 is intended to be used to expand local government activity in groundwater and source water protection through the groundwater/wellhead protection program. The expansion of this program in this manner will provide over 100 additional technicians for in-the-field work and will virtually guarantee that 2,000 or more communities will adopt new goundwater/source water ordinances targeted to the highest risk watershed areas in each state.

The Committee expects that the National Environmental Education and Training Foundation will be funded at a level no less than $780,000. Additionally, the Committee urges the Agency to provide at least $3,000,000 to carry out the purposes of the Clean Air Act Amendments relative to the Great Waters program.

The Committee has again provided full funding to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions. This program is a joint effort between EPA, the Departments of Health and Human Services and Housing and Urban Development, and the National Association of Realtors, and is, in the Committee's judgment, a prime example of how cooperative efforts can produce excellent results. The Committee continues to applaud EPA, HHS, HUD and the Realtors for their joint efforts and expresses its support for continued outreach to ensure that housing consumers get good information about lead hazards, which can help prevent many poisonings.

Last year, the Committee noted the value of and encouraged the Agency to submit a budget request for the Office of Small Business Ombudsman. The Committee continues to support this Office and the important bridge it represents to the small business community, and has therefore included within available funds in this account up to $500,000 for the staffing and operations of this office.

Bill language has been included which limits expenditures for certain activities relative to the Kyoto Protocol to the United Nations Framework Convention on Climate Change. This language was included in part because of sincere concerns that, lacking support for Senate ratification, the Administration is attempting to force binding greenhouse gas emission reductions through "back door" regulatory action and through greatly expanding existing programs. The bill language is intended to prohibit the expenditure of funds for implementation of the Kyoto Protocol in any manner until it has been ratified by the Senate.

Beyond this language, the Committee remains concerned with the apparent inequity of the Protocol, which places binding greenhouse gas emission reductions on the United States and 31 other nations while at the same time exempting 132 developing nations, including China, India, Brazil, and Mexico. These four nations alone are expected to emit more than 50 percent of the world's greenhouse gases by the year 2050. Last year, the United States Senate passed by a vote of 95–0 a resolution expressing the sense of the Senate that the United States should not be a signatory to any protocol regarding climate change in Kyoto that would place the United States at a competitive disadvantage. It would seem this resolution was summarily ignored by the United States negotiators in Kyoto.

Finally, the Committee is concerned that the Agency, the CEQ, among others, may be engaging in activity that is tantamount to lobbying in an effort to build public support for implementation of the Protocol. While the Committee recognizes the importance of educating the public on environmental issues, there can be a very fine line between education and advocacy of an issue. The Agency and the CEQ are thus directed to refrain from conducting educational outreach or informational seminars on policies underlying the Kyoto Protocol until or unless the Protocol is ratified by the Senate.

As was noted during the Agency hearings on the fiscal year 1999 budget submission, the Committee is concerned that EPA is moving forward with a nationally applicable rule on regional haze without adequately completing its obligations under the Clean Air Act (CAA), such as the obligation to update the report to Congress on visibility improvements achieved through implementation of other sections of the CAA. In addition, most states have not benefited from participation in a visibility transport commission (VTC) to research and monitor visibility impairment, and assess its sources and the cost-effectiveness of any additional measures needed to achieve reasonable progress. To re-establish the regional haze program on a firm statutory footing the Committee strongly recommends that funding of up to $500,000 for each of up to eight VTCs be provided by the Agency from within available funds whenever a group of states comes forward as a VTC, or to implement recommendations of a VTC.

Each such VTC should use these funds to prepare and begin the implementation of appropriate, comprehensive work plans, with a goal of completion by March 1, 1999. Each such plan should be provided to the Congress for review, and should include a schedule for completing the plan, a schedule for each state serving on a VTC to use the results of the plan in its visibility implementation plan, and a year-by-year projection of the Federal funding required to ensure that the regional haze program will not result in an unfunded Federal mandate on the States. The Agency is directed to report to the Committee monthly on the progress made towards accomplishing this directive. Further, the Committee recommends that the Agency allocate funds to assure that visibility monitors are located in Class I areas.

Despite efforts over nearly 30 years, ozone at ground level continues to be a problem in the United States. EPA estimated that in 1996 approximately 39 million people lived in areas where the concentration of ozone at ground-level was greater than the concentrations allowed under then-existing National Ambient Air Quality Standards. Under the new 1997 standards for ozone, many more American citizens are expected to be in that same situation. Nevertheless, many uncertainties remain regarding what scientific and technical information is most needed in the ozone abatement efforts of EPA and state agencies and how such information is actually being used by them.

The Agency is therefore directed to work with the NAS to conduct a study that independently evaluates such scientific and technical information most needed by EPA's air regulatory office, and EPA's actual use of such information in developing, implementing, and verifying regulatory strategies for ground-level ozone. The study should evaluate EPA's approaches for improving its ozone precursor emissions inventories, atmospheric monitoring, air quality modeling, and other scientific and technical aspects of the state implementation planning process, as well as other scientific approaches for achieving more effective reductions of precursor emissions from local and distant sources that substantially contribute to ozone concentrations in specific urban and rural locations. The NAS report should be provided to Congress within 18 months of the execution of arrangements for the study.

The Committee is concerned that EPA is not implementing the Food Quality Protection Act (FQPA) in a manner which expedites the registration of new pesticides, ensures the use of reliable data in calculating exposure to pesticide residues, and clearly explains the legal and scientific basis for its policies. In response to similar concerns expressed by many stakeholders, the Vice President on April 8, 1998 directed EPA and the Department of Agriculture to work together to implement the law according to basic principles of sound science, transparency, adequate transition, and consultation with the public and other agencies. The Committee endorses and concurs with these principles.

The Committee endorses EPA's current FQPA advisory committee as a means of obtaining more stakeholder input into implementation, but notes that such an advisory committee is no substitute for using public notice and comment to develop many of its policies. The Committee expects EPA to initiate notice and comment procedures to develop major risk assessment policies, methodologies, and data requirements to ensure transparency and opportunity for stakeholder input. The use of notice and comment need not slow the pace of EPA tolerance reassessment decision-making as the Agency can make interim decisions based on current reliable information. In addition, the Committee directs the EPA to devote sufficient resources to increase the pace of registration actions and emergency exemptions, and to issue regulations governing emergency exemption tolerances which were statutorily required by August 3, 1997. Further, the Agency is expected to review and issue emergency exemption tolerances in a manner which minimizes resource demands.

For the purpose of reducing risk of adverse effects caused by misuse of pesticides in homes and public structures, the Committee has included funding as requested in the budget submission for the Safe Workplaces, Communities, Homes and Ecosystems program in the Office of Pesticide Programs.

The EPA has issued a draft pesticide regulation notice to clarify current EPA policy regarding treated articles exemption. The Agency decided to issue the guidance in part due to unsubstantiated claims made by product manufacturers that their products provided health and environmental benefits resulting from the presence of anti-microbial agents. Due to the number of comments received and the interest generated by the proposed guidance, the EPA has extended the comment period until the end of June, 1998.

According to some observers, the proposed guidance could result in many thousands of products having to be registered with EPA as pesticides. Such products, containing a small amount of certain anti-microbial or anti-bacterial chemicals, could include dishcloths, writing pens, cutting boards, towels, socks, and underwear. The EPA has neither the personnel nor the financial resources to cope with such a workload increase. The Committee does not believe that the intent of the proposed guidance was to require so many additional products to be registered. Accordingly, the Committee strongly urges the Agency to consider very carefully the myriad comments received on the proposed guidance. It is the Committee's hope that the final guidance will strike a better balance of protecting public health without disrupting commercial activity. In this regard, special attention should be paid to small business as the Agency crafts the final version of the guidance.

EPA recently issued two reports to Congress addressing mercury emissions, including the "Mercury Study Report to Congress", issued in December, 1997, and the "Utility Hazardous Air Pollutant (HAP) Report to Congress", partially issued in February and March, 1998. In April, 1998, EPA entered into a consent decree whereby the Agency intends to make a regulatory determination by November 15, 1998 regarding the potential need for supplemental controls on utility mercury emissions. Given the current gaps in the scientific understanding of mercury, the Committee believes additional time is needed prior to EPA finalizing any regulatory determinations. Research needs in this regard include unresolved issues about mercury speciation, and the transport, fate, and effects of elemental mercury. Moreover, currently there are no available technologies to significantly control mercury emissions from utilities.

In order to help fill these gaps in the available science, EPA is directed to use available funds provided for fiscal year 1999 to do the following: (1) complete the joint Federal-State Lake Superior study on mercury transport; (2) participate with the FDA and other government agencies to complete the National Health and Nutrition Examination Survey on fish consumption and mercury ingestion; and (3) contract with the National Academy of Sciences to perform a comprehensive mercury study and prepare recommendations on the appropriate level for a mercury exposure reference dose. It is the Committee's intent that EPA not issue any regulatory determination for mercury emissions from utilities until these activities are completed.

EPA is to be commended for reaching a milestone agreement to regulate "cleaner, cheaper, and smarter" under the Common Sense Initiative (CSI) with the metal finishing industry, state environmental agencies, local wastewater treatment authorities, and the environmental and labor communities. According to the agreement's framework, individual metal finishing companies, which are primarily small businesses, are now committing voluntarily to achieve continuous environmental improvements and operate at "beyond compliance" levels in exchange for a range of benefits, including regulatory flexibility in certain program areas and reduced compliance costs. In order to ensure that necessary progress is reached, the Committee urges that adequate funds be provided to OPPE for continued industry outreach and implementation of key pilot projects under this program.

The Agency has undertaken an effort to reengineer its national data systems and integrate numerous reporting reform pilot projects under its Reinventing Environmental Information (REI) Action Plan. The long-term goal of REI is to make significant changes in the way environmental information is reported and managed by EPA and state environmental agencies. The Agency is encouraged to continue to work aggressively to bring coherency to what presently is a complex system of overlapping and duplicative information and reporting requirements across media programs that imposes significant burdens on the U.S. economy, particularly for small business.

The current REI initiative encompasses several major objectives, such as universal electronic reporting and the adoption of formal data standards. The Action Plan as currently drafted, however, falls short in addressing the needs of small business. As EPA seeks to transform the environmental reporting system, the Agency should explicitly incorporate specific plans to ensure that reductions in reporting burdens are achieved where possible through consolidation of reporting as well as elimination of duplication and overlap. EPA has analyzed reporting burdens through applying Business Process Reengineering techniques in projects such as the Regulatory Information Inventory Team Evaluation (RIITE). In RIITE, the Agency concluded that reporting burdens could be significantly minimized while fully preserving current protections to environmental and human health. The Agency is requested to prepare and submit a report to Congress by March 1, 1999, on opportunities within REI to achieve burden reduction for small business through consolidation of reporting and elimination of duplication and overlap.

Included in the changes to the budget request proposed by the Committee is $3,500,000 for the Environmental Technology Commercialization Center (ETC2) in Cleveland, Ohio. These funds will permit the Center to enhance the transfer of Federally developed environmental technologies to small and minority companies in the Great Lakes Region. The Center is expected to work in collaboration with at least one Historically Black College and University from the region.

During its public hearings on the fiscal year 1999 budget submission, the Committee heard testimony regarding the outbreak of acute pulmonary hemorrhage (APH) in infants, a serious life-threatening disease. A cluster of cases has been identified in Cleveland, Ohio, and has been associated with exposure to a toxic mold called stachybotrys, which is widely distributed in the United States. In addition, other risk factors may be important in outbreaks of APH. The Committee recognizes that reducing the number and severity of cases of APH requires, among other things, that the environmental conditions associated with stachybotrys growth are eliminated and that a healthy indoor environment is maintained. EPA can play an important role in identifying, measuring, and offering advice to eliminate these conditions and thus promote healthy indoor environments.

Within the amounts provided in this account, the Committee encourages the Agency to use up to $3,000,000 to further its efforts to reduce and/or eliminate the environmental conditions that are associated with APH and promote healthy residences. The EPA is expected to assist in the investigation and prevention of this disease by using newly available molecular biological tools that will aid in the detection and quantification of airborne toxic molds. These funds should also be used for educational efforts; to develop guidelines to clean up toxic mold in residences (and develop adequate safety precautions for such clean up activities); to eliminate other environmental conditions associated with APH disease; and to promote research regarding the deleterious health effects of mold growth in residences.

The total maximum daily load (TMDL) protocol set forth in section 303 of the Clean Water Act is an attempt to target and control all sources of pollution to a watershed. Experts agree that the TMDL program offers the best approach to integrate information on all sources of pollution into a receiving system and determine the most efficient approach to pollution reduction. However, states have confronted difficulties in the implementation of the program. In order to accelerate the progress of this implementation, the Committee directs the Agency to work with a Great Lakes State, non-governmental organizations, and other relevant stakeholders to demonstrate how the total maximum daily load process can be implemented, including options for measuring and monitoring non-point sources of pollution.

The Committee is aware that the lower Brazos River provides drinking water for some of the fastest growing areas of Texas. Through a project at Tarleton State University, the Brazos River Authority will continue to monitor the nutrient levels in the watershed and calibrate environmental standards to the poultry industry in the lower part of the Brazos. The Committee encourages EPA to support the efforts of the Brazos River Authority and Tarleton State University.

In order to help "jump start" the process of technology transfer of various decentralized wastewater treatment options, the Committee has included $10,000,000 to conduct a National Decentralized Wastewater Demonstration Project at three specific sites. The Committee has long supported the development of non-centralized technologies to meet the statutory health standards for waste treatment, as these technologies are often more appropriate and affordable for rural and suburban areas of the country. The Committee's recommendation includes $1,500,000 for Warren, Vermont; $3,000,000 for Block Island/Green Hill Pond, Rhode Island; and $5,500,000 for LaPine, Deschutes County, Oregon. The communities were determined by outside, independent analysis with the goal of providing the greatest technological diversity within the available financial resources. Each of these communities has already expended considerable resources in the development of these projects, and it is the Committee's intention that this previous effort be counted towards meeting a local cost share for these projects of 25 percent.

The Committee is encouraged by the apparent progress that has been made by the Agency in dealing with the matter of potential security risks associated with making risk management plan (RMP) data widely available to the public via the Internet. The Committee understands that EPA has been working closely with the Federal Bureau of Investigation and other security experts to develop a system to limit inappropriate access to such information, and is informed that such a system is expected to be available by the end of calendar year 1998. The Committee expects to be kept informed on a monthly basis of the progress made in the development and implementation of this security protocol, and directs the Agency to include a formal protocol proposal as part of the fiscal year 1999 operating plan.

The Committee is extremely concerned about the extinction crisis facing endemic species in the State of Hawaii, and strongly urges the Agency to work closely with the Office of Wildlife Services at the Department of Agriculture and with the State of Hawaii on the registration for aerial broadcast of rodenticide for conservation purposes. The EPA should look for opportunities and work diligently to shorten the time-line for such registration.

The Committee is concerned that Big Bend National Park is experiencing a significant decline in air quality and visibility which is believed to be caused in part by cross border power generation facilities. The Committee is aware that EPA and the National Park Service are working with Mexico to develop a tracer study to determine the origin of the primary pollutants causing these problems, and directs the Agency to allocate up to $4,000,000 from within available funds to conduct the appropriate studies. The National Park Service is expected to contribute at least $1,000,000 to this effort.

The Committee notes that there is considerable controversy regarding the Agency's proposed policy regarding "plant-pesticides." Specifically, EPA has proposed that the "substances that plants produce to protect themselves against pests and disease are pesticides under the definition of FIFRA section 2 (i.e., if they are ". . . intended for preventing, destroying, repelling, or mitigating any pest . . .") regardless of whether the pesticidal capabilities evolved in the plants or were introduced by breeding or through the techniques of modern biotechnology." (59 Fed. Reg. 60496)

EPA has proposed to exempt from FIFRA registration requirements all plant-pesticides except those developed through biotechnology. The scientific community strongly objects to the Agency's proposed regulation based only on the process by which a resistance substance is produced rather than demonstrated risks and toxicity of the substance. The scientific and the agriculture communities are also concerned that the rule would severely limit the development of new disease and pest resistant plant varieties, inhibit international acceptance of biotechnology products, and result in the continued use of and perhaps an even greater dependence on chemical pesticides. EPA officials have attempted to allay these concerns by expressing an intention to liberally grant exemptions from registration requirements.

To assure broad, appropriate, and informed comment regarding this highly important rulemaking, the Agency is directed to publish for public comment a proposal specifying its current intentions with respect to this rulemaking. To facilitate public comment, the Agency is encouraged to convene at least one forum during the public comment period at a location convenient to stakeholders, such as farmers and academic personnel concerned with production and development of specialty crops likely to benefit greatly from biotechnology. The Committee expects any rule promulgated with respect to the use of biotechnology in the development of enhanced pest or disease resistance in plants to be fully consistent with the stated policy of the Office of Science and Technology Policy entitled "Planned Introductions of Biotechnology Products into the Environment."

Congress enacted the "Edible Oil Regulatory Reform Act," Public Law 104–55, in 1995, to clarify its intent that federal agencies, including EPA, differentiate between animal fats and vegetable oils and other toxic oils, including petroleum oil, when issuing or enforcing any regulation relating to the transportation, discharge, release, emission, or disposal of oil under any federal law. Essentially, this law requires the EPA Administrator to promulgate a regulation consistent with that Act to specifically address facilities that handle animal fats and vegetable oils by amending 40 C.F.R. Part 112, which relates to response plans for onshore facilities. To be consistent, a rule for animal fats and for vegetable oils should include, at a minimum, separate definitions, a separate category from other oils, and provide requirements that are specific to and appropriate for animal fats and vegetable oils. Such a change would not avoid regulation but merely adopt a much-needed common sense and balanced approach to the EPA's regulation of animal fats and vegetable oils.

The Committee is frustrated that despite the passage of the "Edible Oil Regulatory Reform Act of 1995" and the submittal by the animal fat and vegetable oil industry of a detailed proposal for regulatory change, the EPA has still not issued final rules that implement that Act. Therefore, the Committee requests the EPA to expedite finalizing a regulation that is consistent with the intent of Congress under the Act for facilities that handle animal fats and vegetable oils.

The Committee recognizes the Agency's efforts in issuing a rule regarding the safe handling of halons. This rule, if properly enforced, should assure continued significant environmental benefits while placing only minimal burdens on industry. The Committee is concerned that the rule as written does not provide adequate guidance to the fire protection industry and others who handle halons as to what operating policies should be followed to comply with the rule.

The Committee strongly encourages the EPA to achieve compliance with this rule by requiring that no persons or entities may import or dispose of halon-containing equipment except by sending it for halon recovery to a manufacturer, fire equipment dealer, or recycler operating in accordance with ASTM, NFPA, and/or ISO industry standards (as referenced in the preamble of the rule, 63 Fed. Reg. 11084, March 5, 1998) and that no persons or entities shall dispose of halon a except by sending it for halon recycling to a recycler operating in accordance with the ASTM, NFPA, and/or ISO industry standards.

The Committee is concerned that the approaching phaseout of methyl bromide will have a significant negative impact on American agriculture. The current 2001 phaseout date for the United States will place American farmers at a distinct competitive disadvantage with foreign growers who will continue to have access to the substance as late as 2015. Compounding this problem is the fact that there is no viable alternative for methyl bromide available to growers. The Committee strongly urges the Environmental Protection Agency to seek the input of affected U.S. agriculture and trade industries in order to prevent any inequity between American and foreign growers resulting from the impending phaseout, and to ensure that U.S. growers and industries are not left without a viable alternative.

The Environmental Protection Agency's "Interim Guidance For Investigating Title VI Complaints Challenging Permits," as released on February 5, 1998, was an effort by EPA to move beyond a case-by-case approach to addressing state permit program compliance with Title VI of the Civil Rights Act through the administrative petition process. The Environmental Council of the States (ECOS), the National Association of Counties (NACO), the National Association of Black County Officials (NABCO), 14 attorneys general, the U.S. Conference of Mayors, as well as numerous local governments have requested that EPA either suspend or withdraw the interim guidance because of their concerns that the interim guidance conflicts with current state and local land use policies, "Brownfields" redevelopment and urban revitalization efforts, and initiatives to promote sustainable economic development.

It is the Committee's intent to provide an opportunity which allows the Agency to address concerns raised in comments submitted by stakeholders about the interim guidance, while simultaneously encouraging states to proceed with the development and implementation of procedures of address environmental equity issues. Therefore, the Committee has included bill language that allows the EPA to continue its efforts to address the concerns of those organizations mentioned above as well as issue its final guidelines. It is also the intent of the Committee to have EPA continue to process the 15 pending complaints under the interim guidance. EPA, on the other hand, is prohibited from implementing or administering the interim guidance for complaints filed after enactment. The Committee feels this is a balanced approach that addresses both the concerns of EPA while providing ample opportunity for stakeholders' concerns to be addressed.

The Committee encourages processes which enhance community participation in the permitting process, an acceptable definition of what constitutes a "dispute impact", and methodologies to evaluate cumulative exposures which must be developed. Such processes, definitions, standards and methodologies should be precise, based on sound, peer-reviewed science and provide a high degree of certainty in decision-making outcomes. States that have adopted and are appropriately implementing environmental equity programs, practices or policies that are reasonably consistent with those promulgated by the Agency should ensure their compliance with title VI and protect their environmental permitting decisions from administrative petitions.

The Committee supports EPA's ongoing efforts to reduce vehicular emissions and improve air quality. The Committee expects funding to be continued for the National Center for Vehicle Emissions Control and Safety's On-Board Diagnostic Research Center.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation[1]	$31,154,000
Fiscal year 1998 appropriation	28,501,000
Fiscal year 1999 budget request	31,154,000
Comparison with fiscal year 1998 appropriation	+2,653,000
Comparison with fiscal year 1999 budget request	0

[1] Totals do not include transfers of funds from the Hazardous Substance Superfund account.

The Office of Inspector General (OIG) provides EPA audit and investigative functions to identify and recommend corrective actions of management, program, and administrative deficiencies which create conditions for existing and potential instances of fraud, waste, or mismanagement. The appropriation for the OIG is funded from two separate accounts: Office of Inspector General and Hazardous Substance Superfund.

For fiscal year 1999, the Committee recommends a total appropriation of $43,391,000 for the Office of Inspector General, an increase of $3,249,000 above last year's funding level and the same as the budget request. Of the amount provided, $12,237,000 shall be derived by transfer from the Hazardous Substance Superfund account. All funds within this account are to be considered annual monies.

Bill language has been included which would make balances available through September 30, 2007 for the purpose of liquidating obligations made during fiscal years 1999 and 2000. This change extends the time available to the Agency to perform necessary accounting requirements and properly "close the books" on prior year obligations.

BUILDINGS AND FACILITIES

Fiscal year 1999 recommendation	$60,948,000
Fiscal year 1998 appropriation	109,420,000
Fiscal year 1999 budget request	52,948,000
Comparison with fiscal year 1998 appropriation	−48,472,000
Comparison with fiscal year 1999 budget request	+8,000,000

This activity provides for the design and construction of EPA-owned facilities as well as for the operations, maintenance, repair, extension, alteration, and improvement of facilities utilized by the agency. The funds are to be used to pay nationwide FTS charges, correct unsafe conditions, protect health and safety of employees and Agency visitors, and prevent serious deterioration of structures and equipment.

The Committee is recommending $60,948,000 for Buildings and Facilities, a decrease of $48,472,000 below last year's funding level and $8,000,000 above the budget request. This recommendation provides $40,000,000 for continued construction of the consolidated research center at Research Triangle Park, North Carolina, as well as the budget request of $20,948,000 for necessary maintenance and repair costs at Agency facilities and the ongoing renovation of EPA's new headquarters.

The Committee's proposal to provide $40,000,000 for RTP construction—an increase of $8,000,000 above the budget request—will leave just $32,700,000 of the authorized maximum cost of this necessary facility remaining to be appropriated. The Committee has not provided an advance appropriation for this account as recommended in the budget submission.

The Committee notes that cost analyses have indicated that significant savings could be realized from moving EPA's Supercomputer from Bay City, Michigan to the National Computing Center in Research Triangle Park, North Carolina. The Committee expects the Agency to finalize a decision regarding this move as soon as possible.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1999 recommendation	$1,500,000,000
Fiscal year 1998 appropriation	1,500,000,000
Fiscal year 1999 budget request	2,092,745,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	−592,745,000

The Hazardous Substance Superfund (Superfund) program was established in 1980 by the Comprehensive Environmental Response, Compensation, and Liability Act to clean up emergency hazardous materials, spills, and dangerous, uncontrolled, and/or abandoned hazardous waste sites. The Superfund Amendments and Reauthorization Act (SARA) expanded the program substantially in 1986, authorizing approximately $8,500,000,000 in revenues over five years. In 1990, the Omnibus Budget Reconciliation Act extended the program's authorization through 1994 for $5,100,000,000 with taxing authority through calendar year 1995.

The Superfund program is operated by EPA subject to annual appropriations from a dedicated trust fund and from general revenues. Enforcement activities heretofore employed were used to identify and induce parties responsible for hazardous waste problems to undertake clean-up actions and pay for EPA oversight of those actions. In addition, responsible parties have been required to cover the cost of fund-financed removal and remedial actions undertaken at spills and waste sites by Federal and state agencies. The Office of Inspector General also receives funding from this account.

For fiscal year 1999, $1,500,000,000 has been recommended by the Committee, the same as last year's funding level, and a decrease of $592,745,000 from the amount included in the budget request. Bill language has been included which transfers $12,237,000 from this account to the Office of Inspector General and $40,000,000 to the Science and Technology account. The Committee expects EPA to prioritize resources to the actual cleanup of sites on the National Priority List and, to the greatest extent possible, limit resources directed to administration, oversight, support, studies, design, investigations, monitoring, assessment, and evaluation.

The Committee's recommendation includes the following program levels:

$1,001,200,000 for Superfund response/cleanup actions. This level of funding includes $75,000,000 for continued Brownfields activities as outlined below.

$155,000,000, the budget request, for enforcement activities.

$131,000,000 for management and support. This recommendation includes a transfer of $12,237,000 to the Office of Inspector General. Bill language is included which provides for this transfer.

$40,000,000 for research and development activities, to be transferred to Science and Technology as proposed in the budget request.

$60,000,000 for the National Institute of Environmental Health Sciences (NIEHS), including $37,000,000 for research activities and $23,000,000 for worker training. This is an increase of $11,500,000 above the budget request.

$74,000,000 for the Agency for Toxic Substances and Disease Registry (ATSDR), the same as last year's level and an increase of $10,000,000 above the budget request.

$29,000,000 for the Department of Justice. The Department's legal action associated with the Superfund program has in past years generated over $200,000,000 annually which is deposited in the Superfund Trust Fund, as well as annual cleanup responses by parties valued at over $500,000,000.

$9,800,000 for all other necessary, reimbursable interagency activities, including $650,000 for OSHA, $1,100,000 for FEMA, $2,400,000 for NOAA, $4,800,000 for the Coast Guard, and $850,000 for the Department of the Interior.

Through adoption of this appropriation, the Committee signals its continued strong support for an active and aggressive Superfund site response action/cleanup effort, including strong and bipartisan support for the Brownfields program as an integral part of the overall program.

Further, the Committee supports the national pilot worker training program which recruits and trains young persons who live near hazardous waste sites or in the communities at risk of exposure to contaminated properties for work in the environmental field. The

Committee directs EPA to continue funding this effort in cooperation and collaboration with NIEHS. The research activities of NIEHS can compliment the training and operational activities of EPA in carrying out this program. Moreover, an expanded focus to Brownfield communities—identified as the growing number of contaminated or potentially contaminated vacant or abandoned industrial sites—is critical in order to actively engage and train the under-served populations that are the focus of this effort. While the number of National Priorities List sites is remaining fairly static, there is a growing need for continued assessment activities at Brownfield sites across the country.

The Committee has provided ATSDR an increase of $10,000,000 over the budget request in part so that the large backlog of important and necessary health studies planned for both federal and non-federal sites can continue to be addressed. The Committee requests ATSDR to provide timely updates of its progress in this regard. Again this year, the Committee directs that up to $4,000,000 of the funds provided to the ATSDR be used for minority health professions, and up to $2,500,000 is for continuation of a health effects study on the consumption of Great Lakes fish. Finally, an additional $2,000,000 has been provided for ATSDR to continue its work on the Toms River, New Jersey cancer evaluation and research project.

Of the funds provided for transfer from Hazardous Substance Superfund to Science and Technology, the Committee directs that the Agency continue to fund the hazardous substance research centers at a level no less than the 1998 level.

It was noted during the Committee's fiscal year 1997 and 1998 budget hearings for the EPA that the Superfund program has adopted a system for prioritizing sites for response/cleanup actions. The Committee strongly endorses this approach as a means of responding to those sites deserving of quicker response as well as from the standpoint of giving some assurance to local communities that "their" site will receive attention within a set time-frame. The Agency is directed to continue to utilize this improved system.

Again this year, the Committee has not provided an additional $650,000,000 for Superfund site cleanup as requested in the budget submission. While the Committee's annual funding allocation clearly does not provide the financial resources necessary to meet this request, a more fundamental problem lies with the fact that, once again this year, the need for these funds has not been justified satisfactorily. Indeed, rather than shedding light on cleanup priorities and how additional funds might be used, recent press statements and the release of a list of "171 sites" by EPA that would receive some cleanup action with these additional funds only adds confusion to the issue.

The list in fact contains numerous errors, including the listing of a site which has already completed construction, several sites that are Federal sites and thus not eligible for Superfund financing, as many as 67 sites for which there is still no Record of Decision, and thus not ready for construction, and even one site which is not even on the Superfund list. Perhaps more important, the Congress has been asked to appropriate this large additional sum even though fundamental information about each specific site—such as whether it is a “Fund lead” or “PRP” site—has yet to be provided by the Agency. Given that approximately 70 percent of all sites are considered “PRP” (potentially responsible party) sites and therefore not in need of financing through the Superfund appropriation, the Committee finds it difficult to provide such resources without such basic information. In this context it is also relevant to note that the General Accounting Office reported to the Congress last year that the funding requirements for the list of sites included in last year’s additional request were grossly overstated.

EPA clearly has not made a case for additional funding, and the lists and statements issued by the Agency appear intended only to build political support for the request. They unfortunately do not provide any analytical or programmatic information that will be helpful to the Congress for its budget deliberations or the public for understanding the Superfund issues.

The Committee has included $75,000,000 within the response action/cleanup activity for Brownfields programs. This funding level continues the Committee’s historically strong support for efforts to redevelop abandoned or underutilized industrial or commercial properties where actual or potential environmental contamination has complicated redevelopment efforts. Nevertheless, the Committee is very concerned that many activities funded by EPA in the past using the Brownfields appropriation have little or nothing to do with cleanup and redevelopment of Brownfields sites. Accordingly, the Committee has included language in the bill which confines EPA’s activities to those the Committee believes are most necessary and appropriate.

Both the General Accounting Office and EPA’s Inspector General have issued recent reports that criticize how EPA has used Brownfields money. The GAO, in fact, notes that EPA’s own General Counsel has cautioned program offices that numerous Brownfields grants made to non-governmental organizations for such things as case studies, conferences and workshops, and reports about the Brownfields problem, rest on dubious legal grounds.

The Committee’s concern with these problems, coupled with the concern over the potential drain on Superfund resources that the non-Superfund Brownfields program may cause, has led the Committee to include bill language which specifically provides that Brownfields funds may be used only for grants to states, tribes, and local governments for site assessments, the development of Brownfields and voluntary cleanup programs, and related EPA personnel and administrative costs. The Committee directs the Agency to report to Congress by January 1, 1999, and annually thereafter, regarding the number of Brownfields sites that have been assessed, the number of cleanup programs that are developed, and the specific and detailed administrative and personnel costs associated with this program.

In acknowledgement of the universal nature of the Brownfields problem, the Committee has increased that portion of the Hazardous Substance Superfund account derived from general revenues by the same amount as is allocated for the Brownfields program.

In its report accompanying the fiscal year 1998 funding measure, the conferees endorsed language contained earlier in the House report regarding the Agency's implementation of a fixed-priced, at risk contracting proposal for the cleanup of the Carolina Transformer Site in North Carolina. It was and remains the Committee's belief that this site provides an excellent location for the EPA to implement an innovative and highly cost effective process which should result in enhanced Superfund management. Despite this repeated language, however, it has become apparent through numerous changes of planned dates for "Requests for Proposal" on this project that the Agency is not taking seriously this specific direction of the Congress. The Committee thus wants to reiterate in the strongest terms possible that the Agency is directed to proceed to accomplish this task at the earliest possible date, and is further directed to report to the Committee on a monthly basis regarding the status of this matter.

During fiscal year 1998, the Agency was asked to notify the Committees on Appropriations within 72 hours of the Agency's undertaking an emergency response at non-NPL sites that is expected to exceed $5,000,000 in total costs. The Committee requests that EPA continue to provide such reports through fiscal year 1999.

The Committee wishes to acknowledge the progress made by the Agency in its conduct of close-out audits of Superfund contracts. The GAO has recently reported that substantial recoveries have already been made during fiscal year 1998, and that much more is anticipated. Such recoveries greatly enhance available cleanup resources, and the Committee continues to encourage EPA to remain aggressive in this regard.

In June 1996, EPA announced a policy to direct interest to accrue on site-specific special accounts. The accrued interest and the account itself would be used solely for that site's cleanup. The Committee applauded that past action by EPA but now notes with concern that, despite Congressional urging to the contrary, the apparent movement of this policy has now lagged. Thus, these necessary cleanups, which could be done expeditiously, still await disbursement of the funds to parties who would perform the appropriate work.

The Committee therefore directs that these special account funds dedicated to a site-specific cleanup, including any interest earned, be disbursed to the parties undertaking response actions at the facility to fund such response efforts as they are undertaken. EPA is further directed, upon petition of the parties undertaking the response action, to enter into an agreement governing the disbursement of these funds beginning no later than 90 days after receipt of a petition from the parties undertaking the response action. The Committee recognizes that the Agency would likely be entitled to a reasonable retention from the funds disbursed for response costs already incurred by the government and the State and would also be permitted to retain up to ten percent of the funds disbursed for payment of United States and State future response costs.

It has come to the Committee's attention that, despite Congressional direction to the contrary, the Agency continues to move toward the reversal of its long-standing policy of deferring to the Nuclear Regulatory Commission (NRC) for cleanup of NRC licensed sites. In the past, EPA has not applied cleanup requirements to NRC licensed facilities or placed sites which are being remediated under NRC procedures in the NPL. The Committee remains satisfied that the NRC has and will continue to remediate sites to a level that fully protects the public health and safety, and believes that reversing this policy is unwarranted, contrary to the requirements of Executive Order 12866, and not a good use of public or private funds. EPA is directed to continue its long-standing policy on this matter with the NRC and is further directed to spend no funds to enforce cleanup requirements at sites being remediated under regulatory requirements enforced through the NRC licensing procedure.

The Committee commends the NIEHS for their enhanced efforts to make results of their research available to the Superfund regional site managers, and further commends the NIEHS and the EPA on their improving coordination and collaboration of the research activities between the two agencies. The Committee also acknowledges the continued worker training activities that the NIEHS provides the Superfund program and its active support of the Brownfields program.

The Committee urges the EPA and ATSDR to take the necessary and appropriate action to resolve any outstanding issues relating to the fire of August 1992 at the Quality Printed Circuits Inc. plant in South Phoenix, Arizona. The Committee recognizes the efforts to date of the EPA and ATSDR and requests that the EPA and ATSDR take any actions they deem necessary to protect the health and safety of the residents affected by the fire, including ventilation duct cleaning and medical diagnostic services.

Finally, the Committee is aware of discussions regarding the Agriculture Street, New Orleans landfill Superfund site, specifically concerning the potential use of authorized buyout authority. Although the Committee has hesitated in the past to insist on specific actions at specific NPL sites, it appears there may be few other alternatives for this site than the use of buyout authority. The Agency is urged in the strongest terms possible to move aggressively to resolve this matter and to give every consideration to all possible avenues of resolution, including the use of buyout and relocation.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$70,000,000
Fiscal year 1998 appropriation	65,000,000
Fiscal year 1999 budget request	71,210,000
Comparison with fiscal year 1998 appropriation	+5,000,000
Comparison with fiscal year 1999 budget request	−1,210,000

Subtitle I of the Solid Waste Disposal Act, as amended by the Superfund Amendments and Reauthorization Act, authorized the establishment of a response program for clean-up of releases from leaking underground storage tanks. Owners and operators of facilities with underground tanks must demonstrate financial responsibility and bear initial responsibility for clean-up. The Federal trust fund was funded through the now-expired imposition of a motor fuel tax of one-tenth of a cent per gallon, which generated approximately $150,000,000 per year. Most states also have their own leaking underground storage tank programs, including a separate trust fund or other funding mechanism, in place.

The Leaking Underground Storage Tank Trust Fund provides additional clean-up resources and may also be used to enforce necessary corrective actions and to recover costs expended from the Fund for clean-up activities. The underground storage tank response program is designed to operate primarily through cooperative agreements with states. However, funds are also used for grants to non-state entities including Indian tribes under Section 8001 of the Resource Conservation and Recovery Act. Per the budget request again this year, the Office of Inspector General will receive no funding by transfer from the trust fund through this appropriation.

For fiscal year 1999, the Committee has provided $70,000,000, an increase of $5,000,000 above last year's appropriated level and a decrease of $1,210,000 from the budget request. Bill language has not been included again this year which limits administrative expenses during the fiscal year.

The Committee is aware of concerns expressed by several states that LUST funds not be used in a disproportionate manner for federal projects instead of state projects as anticipated by the authorizing statutes. The Committee concurs in this position of predominate use in the states and notes that its recommendation will allow for approximately 85% of the total appropriation to be used in the states.

Bill language has been included which will hereafter allow the Administrator of EPA to enter into LUST assistance agreements with Federally recognized tribes.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$15,000,000
Fiscal year 1998 appropriation	15,000,000
Fiscal year 1999 budget request	17,321,400
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	−2,321,400

This appropriation, authorized by the Federal Water Pollution Control Act and amended by the Oil Pollution Act of 1990, provides funds for preventing and responding to releases of oil and other petroleum products in navigable waterways. EPA is responsible for directing all clean-up and removal activities posing a threat to public health and the environment; conducting site inspections; providing for a means to achieve cleanup activities by private parties; reviewing containment plans at facilities; reviewing area contingency plans; and pursuing cost recovery of fund-financed clean-ups. Funds are provided through the Oil Spill Liability Trust Fund which is composed of fees and collections made through provisions of the Oil Pollution Act of 1990, the Comprehensive Oil Pollution Liability and Compensation Act, the Deepwater Port Act of 1974, the Outer Continental Shelf Lands Act Amendments of 1978, and the Federal Water Pollution Control Act. Pursuant to law, the fund is managed by the United States Coast Guard.

The Committee recommends $15,000,000 for fiscal year 1999, the same as that provided last fiscal year and a decrease of $2,321,400 from the budget request. Bill language is not included which limits administrative expenses.

STATE AND TRIBAL ASSISTANCE GRANTS

Fiscal year 1999 recommendation	$3,233,132,000
Fiscal year 1998 appropriation	3,213,125,000
Fiscal year 1999 budget request	2,902,657,000
Comparison with fiscal year 1998 appropriation	+20,007,000
Comparison with fiscal year 1999 budget request	+330,475,000

The State and Tribal Assistance Grant account was created in fiscal year 1996 in an effort to consolidate programs, and provide grant funds for those programs, which are operated primarily by the states. This budget structure includes the Water Infrastructure/SRF account, which was intended to help eliminate municipal discharge of untreated or inadequately treated pollutants and thereby maintain or help restore this country's water to a swimmable and/or fishable quality, and miscellaneous state grant programs formerly included within the Abatement, Control and Compliance account.

The largest portion of the STAG account is the State Revolving Funds (SRF) water infrastructure grants, which for more than a decade have been made to municipal, intermunicipal, state, interstate agencies, and tribal governments to assist in financing the planning, design, and construction of wastewater facilities. This account also funds the Safe Drinking Water SRF as well as various grant programs to improve both air and water quality, including non-point source grants under Section 319 of the Federal Water Pollution Control Act, Public Water System Supervision grants, Section 106 water quality grants, and Clean Air Act Section 105/103 air and monitoring grants to the states.

For fiscal year 1999, the Committee recommends a total of $3,233,132,000, an increase of $20,007,000 above the current fiscal year spending level, and $330,475,000 above the level proposed in the budget request.

The Committee's recommendation includes the following program level:

$1,250,000,000 for Clean Water State Revolving Funds.

$775,000,000 for Safe Drinking Water State Revolving Funds.

$884,657,000 for state and tribal program/categorical grants.

$55,000,000 for high priority U.S./Mexico border projects.

$15,000,000, the budget request, for Alaska rural and Native Villages.

$253,475,000 for special needs water and wastewater grants, including:

1. $23,000,000 for Boston Harbor wastewater needs.
2. $3,000,000 for continued wastewater needs in Bristol County, Mass.
3. $7,500,000 for New Orleans wastewater needs.
4. $13,000,000 to implement combined sewer overflow improvements in Richmond ($6,500,000) and Lynchburg ($6,500,000), Va.
5. $10,000,000 for continuation of the Rouge River National Wet Weather Demonstration project.
6. $3,500,000 for wastewater, sewer overflow, and water system needs of the Westfall Municipal Sewage Authority ($2,000,000) and Jefferson Township, Lackawanna County ($1,500,000), Penn.

7. $5,000,000 for the Olivenhein, Ca. water infrastructure project.

8. $3,000,000 for completion of the export waste pipeline project to protect Lake Tahoe.

9. $10,00,000 for water system improvements at Lake Hopatcong, New Jersey.

10. $15,000,000 for continued planning and implementation of a storm water abatement system in the Doan Brook Watershed Area, Ohio.

11. $8,500,000 for wastewater infrastructure needs for Jefferson Parish ($3,000,000), Baton Rouge ($2,000,000), and Grand Isle ($3,500,000), La.

12. $10,000,000 for alternative water source development for the Southwest Florida, St. John's River, Northwest Florida, and South Florida Water Management Districts.

13. $2,500,000 for the Grand Rapids, Michigan combined sewer overflow project.

14. $1,500,000 for the Miami-Dade County sanitary sewer overflow demonstration project.

15. $3,250,000 for water system and wastewater infrastructure requirements for the Somerset Township Municipal Authority ($1,250,000) and for the Johnstown-Cambria County Airport ($2,000,000), Penn.

16. $1,500,000 for ongoing work at the Geysers Recharge Project in No. California.

17. $10,000,000 for continued clean water improvements of Onandaga Lake.

18. $8,100,000 for wastewater and water system improvement needs for the Centerville/Cumberland Valley Township ($300,000); the Houtzdale Borough Municipal Authority ($200,000); the Northern Blair Regional Sewer Authority ($800,000); the Richfield Borough Joint Municipal Authority ($400,000); Chambersburgh Borough ($2,500,000); the Letterkenny Reuse Authority ($600,000); the Lewistown Municipal Water Authority ($800,000); and the Hollidaysburg Borough ($2,500,000), Pennsylvania.

19. $10,000,000 for water supply and wastewater needs for the City of Paintsville ($2,100,000); the Pike County, Mountain Water District ($2,500,000); the City of Fleming Neon ($2,000,000); the City of Salyersville ($500,000); Wolfe County ($2,000,000); and the City of Booneville ($900,000), Kentucky.

20. $3,000,000 for wastewater infrastructure improvements at Artesia, New Mexico.

21. $3,000,000 for wastewater improvements at Florida City, Fl.

22. $3,500,000 for the basin stormwater retention and reuse project at Big Haynes Creek, Ga.

23. $6,500,000 for the tunnel and reservoir project (TARP) of the Metropolitan Water Reclamation District in Chicago, Illinois.

24. $6,000,000 for sewer and stormwater infrastructure needs at Bozeman, Mt.

25. $8,000,000 for the Mille Lacs regional wastewater treatment facility, Minn.

26. $3,000,000 for the Meramac River, Mo. enhancement and wetlands protection project.

27. $2,800,000 for wastewater, sewer and water infrastructure needs in Lovelock ($1,500,000) and the Moapa Valley Water District ($1,300,000), Nevada.

28. $5,000,000 for combined sewer overflow requirements of the Passaic Valley Sewerage Commission, NJ.

29. $15,000,000 for water, wastewater, and system infrastructure development and improvements for the Yucaipa Valley Water District ($5,000,000); the Lower Owens River Project in Inyo County ($3,500,000); the City of Barstow ($3,000,000); and the San Timoteo Creek environmental restoration project in Loma Linda ($2,500,000), Ca.

30. $2,000,000 for water reuse system improvements for Riverton, Utah.

31. $2,500,000 for water supply needs for Brownsville, Texas.

32. $2,000,000 for drinking water infrastructure needs for White Oak, Wolfe Branch Utility District ($750,000), and for Frankfort, Potter Chapel, and the Island Ford area, Sunbright Utility District ($1,250,000), Tenn.

33. $5,000,000 for sewage treatment facilities to reduce nitrogen flowing into the Susquehanna River and ultimately into the Chesapeake Bay.

34. $325,000 for the reservoir restoration project in Albemarle City, North Carolina.

35. $5,000,000 for drinking water infrastructure needs in the New York City watershed.

36. $1,500,000 for the water runoff and sewer treatment program of the San Diego Coastal Low Flow Storm Diversion Project.

37. $3,000,000 for wastewater infrastructure improvements for Springettsbury Township/City of York ($2,500,000) and Delta Borough ($500,000), Pa.

38. $4,000,000 for wastewater infrastructure improvements for the City of San Diego, Ca.

39. $2,000,000 for wastewater infrastructure improvements for the City of Port Huron, Michigan.

40. $2,000,000 for wastewater facilities and improvements in Essex County, Mass.

41. $10,000 for wastewater and sewer infrastructure needs for DeSoto County ($5,000,000) and the City of Jackson ($5,000,000), Miss.

42. $2,000,000 for the Metropolitan Milwaukee Sewerage District interceptor system.

43. $1,250,000 for water supply needs of the Lake Marion Regional Water Agency, South Carolina.

44. $1,000,000 for a groundwater replenishment system for Orange County, California.

45. $1,500,000 for the Connecticut River, Mass, and Conn. combined sewer overflow project.

46. $750,000 for the interceptor collection project at Avondale, Arizona.

47. $1,000,000 for the MERTS wastewater treatment facility at South Tongue Point, Oregon.

48. $1,500,000 for the Sonoma County Water Agency, Russian River Restoration project.

49. $1,000,000 for the combined sewer overflow project for Sacramento, California.

For fiscal year 1999, the Committee again expects the Agency to work closely with the governments or entities receiving such special needs grants to be flexible in the application of the historical cost share requirements of this program.

The Committee has provided the full budget request for state and tribal program assistance/categorical grants for all activities except air—where an increase of $10,000,000 is provided for section 105/103 air grants and monitoring and data collection. As noted elsewhere in this Report, the "Clean Water Action Plan" is provided full funding including $200,000,000 for section 319 non-point source pollution grants and $115,530,000 for section 106 water quality grants.

This recommendation includes categorical grants for the following programs: (1) air and radiation—state, local and tribal assistance, including particulate matter monitoring and data collection activities; (2) enforcement and compliance assurance; (3) field programs and external activities; (4) environmental partnerships; (5) lead grants; (6) pollution prevention leadership; (7) RCRA partnerships; (8) underground storage tank partnerships; (9) PWSS program grants; (10) underground injection control grants; (11) wetlands program grants; (12) section 319 non-point source pollution grants, including programs formerly eligible under the Clean lakes program; (13) section 106 control agency resource supplemental grants; (14) water quality cooperative agreements and; (15) Indian general assistance program grants.

As was the case in previous fiscal years, no reprogramming requests associated with States and Tribes applying for Partnership grants need to be submitted to the Committee for approval should such grants exceed the normal reprogramming limitations.

Within the amount provided for the U.S./Mexico Border Projects, $1,000,000 is for the U.S./Mexico Foundation for Science.

The Committee recognizes the potential benefit of the EPA's Border XXI Program, but is concerned over the Agency's apparent lack of communication and cooperation with the governors of the four states who share a border with Mexico. The Agency is thus directed to enhance its accountability to, and cooperation with these four states. EPA is strongly urged to seek cooperation with and concurrence from each state's governor prior to the expenditure of any border funds within that state.

As in fiscal year 1998, the Committee has included bill language which allows the states to cross-collateralize their clean water and safe drinking water state revolving funds. This language makes explicit that in fiscal year 1999 and thereafter, funds appropriated to the SRFs may be used as common security in a bond issue for both SRFs, ensuring maximum opportunity for leveraging these funds.

Bill language has also been included which, (1) provides that fiscal year 1997 funds for Texas colonias may be matched by 20 percent in state funds, and used for water as well as wastewater projects, (2) clarifies that funds under this heading may be used to support the development and implementation of waste management programs in Tribal areas, and (3) clarifies the intent of section 23(a) of the Federal Insecticide, Fungicide and Rodenticide Act.

In the Report accompanying the House's fiscal year 1998 bill, the Agency was directed to uphold all construction grant project costs that are appropriately documented. This language was included to address the continuing problem of audit decisions that reverse earlier grant project eligibilities because of re-evaluations of the earlier approvals. These actions result in the grantee being required to repay, often with interest, the disallowed project costs at great expense to the local communities involved with the original grants. The directive makes it clear that where documentation does not exist demonstrating the approval of the grant funds or where the original decision was an abuse of law or otherwise, that EPA should uphold the original decision to award funds for the project.

The Committee is informed that while the Agency agrees with this directive as a matter of policy, it has essentially not been followed because it is interpreted as being non-binding. The Committee is not aware that statutory language is necessary to implement this directive, nor is it aware that the Agency has requested such language. Moreover, the Committee has not been informed by the Agency that they object to this directive; indeed, the impression has been given that the Committee's directive represented the common sense and correct manner to resolve the situation. The Committee strongly urges the Agency to once again review the language as contained in last year's Committee Report and take immediate steps to implement that directive. Should the Agency determine not to implement this directive, the Committee expects to be so notified no later than October 15, 1998.

The Committee notes that language is included in the "Science and Technology" portion of this report urging the EPA to work closely with the National Research Council and the states in establishing a particulate matter monitoring program that will fully integrate and complement the research needs identified in the PM Research Plans created by the NRC/NAS and put into effect by the Agency.

For several years, and with EPA's written approval, some states have been collecting a small administrative fee to help cover the cost of administering and managing their State Clean Water Revolving Loan Funds. These fees were included as principal in loans made by these states to eligible borrowers. However, EPA recently and abruptly changed its administration of a provision in title VI of the Clean Water Act and ordered the collection of such fees discontinued. The Committee is concerned about the impact, if any, of this sudden and unexpected change, and directs the Agency to work with the authorizing committees of Congress to address this situation at the earliest possible date.

The Committee recognizes and is concerned about the enormous wastewater needs of Southern and Eastern Kentucky, and believes every effort should be made to bring the thousands of households in this region into compliance with state and federal guidelines. Because failing septic systems and straight pipes deliver hundreds of thousands of gallons of raw sewage into rivers and streams every day, there continues to be serious health hazards in this area, putting residents at risk, and preventing meaningful commercial or industrial development. The Committee therefore urges EPA to work closely with the U.S. Army Corps of Engineers in developing and implementing innovative wastewater treatment systems which address these conditions, and to provide such sums as may be necessary towards implementation.

Executive Office of the President

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Fiscal year 1999 recommendation	$5,026,000
Fiscal year 1998 appropriation	4,932,000
Fiscal year 1999 budget request	5,026,000
Comparison with fiscal year 1998 appropriation	+94,000
Comparison with fiscal year 1998 request	0

The Office of Science and Technology Policy (OSTP) was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976. OSTP advises the President and other agencies within the Executive Office on science and technology policies and coordinates research and development programs for the Federal Government.

The Committee recommends an appropriation of $5,026,000 for fiscal year 1999, an increase of $94,000 from the fiscal year 1998 appropriation and the same amount as the President's budget request.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Fiscal year 1999 recommendation	$2,675,000
Fiscal year 1998 appropriation	2,500,000
Fiscal year 1999 budget request	3,020,000
Comparison with fiscal year 1998 appropriation	+175,000
Comparison with fiscal year 1999 budget request	−345,000

The Council on Environmental Quality (CEQ) was established by Congress under the National Environmental Policy Act of 1969 (NEPA). The Office of Environmental Quality (OEQ), which provides professional and administrative staff for the Council, was established in the Environmental Quality Improvement Act of 1970. The Council on Environmental Policy has statutory responsibility under NEPA for environmental oversight of all Federal agencies and is to lead interagency decision-making of all environmental matters.

For fiscal year 1998, the Committee has recommended $2,675,000 for the CEQ and OEQ, an increase of $175,000 above last year's spending level and a decrease of $345,000 from the budget request. With the increase above the 1998 level, $75,000 is for cost of living expenses and $100,000 is for work specifically on the NEPA Reinvention project. The Committee expects the Council to strike a balance when allocating resources so as to adequately fund Congressional priorities, such as the Reinvention project, as well as the Administration's priorities, such as the American Heritage Rivers program.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF INSPECTOR GENERAL

(TRANSFER OF FUNDS)

Fiscal year 1999 recommendation	$34,666,000
Fiscal year 1998 appropriation	34,365,000
Fiscal year 1999 budget request	34,666,000
Comparison with fiscal year 1998 appropriation	+301,000
Comparison with fiscal year 1999 request	0

Funding for the Office of Inspector General at the Federal Deposit Insurance Corporation is provided pursuant to 31 U.S.C. 1105(a)(25), which requires a separate appropriation account for appropriations for each Officer of Inspector General of an establishment defined under section 11(2) of the Inspector General Act of 1978.

The Committee recommendation, the same as the budget request, provides for the transfer of $34,666,000 from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC resolution Fund to finance the Office of Inspector General for fiscal year 1999.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Fiscal year 1999 recommendation	$817,282,000
Fiscal year 1998 appropriation	[1] 2,429,958,000
Fiscal year 1999 budget request	[2] 1,469,878,000
Comparison with fiscal year 1998 appropriation	−1,612,676,000
Comparison with fiscal year 1999 budget request	−652,596,000

[1] Includes $1,600,000,000 Supplemental Appropriations.
[2] Includes $626,296,000 in Contingent Emergency Funding.

The Federal Emergency Management Agency (FEMA) was created by reorganization plan number 3 of 1978. The Agency carries out a wide range of program responsibilities for emergency planning and preparedness, disaster response and recovery, and hazard mitigation under the following authorities:

Under the Defense Production Act of 1950, as amended, responsibility for maintaining the nation's emergency training and exercises, and preparedness, response and recovery, and information technology services.

Under the Earthquake Hazards Reduction Act of 1977, as amended, programs designed to identify and reduce earthquake vulnerability and consequences.

Under Executive Order 12148, responsibility for oversight of the national dam safety program.

Under the Atomic Energy Act of 1954, as amended, and in accordance with provisions set forth in the 1980 Act making appropriations for the Nuclear Regulatory Commission and other statutes, Executive Order 12657, and by Presidential Directive, responsibility for offsite emergency preparedness for fixed nuclear facilities.

Under the National Security Act of 1947, as amended, programs to provide for continuity of government as well as emergency resources assessment, management, and recovery.

Under the Federal Fire Prevention and Control Act of 1974, as amended, programs to reduce national fire loss, including training and prevention.

Under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, administration of a national program to provide flood insurance and to encourage better flood plain management.

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, programs to provide assistance to individuals and State and local governments in Presidentially-declared major disaster or emergency areas.

Under the Inspector General Act of 1978, as amended, agency-wide audit and investigative functions to identify and correct management and deficiencies which create conditions for existing or potential instances of fraud, waste, and mismanagement.

Under the Agency Chief Financial Officers Act of 1990, systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources.

Under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and Executive Order 12580, responsibility for specific emergency response activities.

Under the Hazardous Materials Transportation Act, as amended, programs designed to provide training to prepare for and respond to hazardous materials incidents.

Under Title III of the Stewart B. McKinney Homeless Assistance Act of 1987, as amended, a program to provide food and shelter to the homeless through a National Board chaired by FEMA and composed of representatives of various charities.

Under Executive Orders 12472, 12656, 12699 and Reorganization Plan No. 3 of 1978, miscellaneous responsibility for response and recovery, preparedness, training and exercises, information technology services, executive direction, operations support, and mitigation.

For fiscal year 1999, the Committee recommends $1,068,578,000, which represents a decrease of $1,361,380,000 from the fiscal year 1998 appropriations and a decrease of $401,300,000 from the 1999 budget request.

Of the amounts approved in the following appropriations accounts, the Agency must limit transfers of funds between programs and activities to not more than $500,000 without prior approval of the Committee. Further, no changes may be made to any account or program element if it is construed to be a change in policy. Any program or activity mentioned in this report shall be construed as the position of the Committee and should not be subject to any reductions or reprogrammings without prior approval of the Committee. Finally, the Committee expects that the Agency will fully consult with the Committee prior to the implementation of any reorganization, moving of regional office locations, and adoption of any new programs or activities.

DISASTER RELIEF

Fiscal year 1999 recommendation	$307,745,000
Fiscal year 1998 appropriation	[1] 1,920,000,000

Fiscal year 1999 budget request	[2] 934,041,000
Comparison with fiscal year 1998 appropriation	−1,612,255,000
Comparison with fiscal year 1999 budget request	−626,296,000

[1] Includes $1,600,000,000 in Supplemental Appropriations.
[2] Includes $626,296,000 in Contingent Emergency Funding.

The Federal Emergency Management Agency has responsibility for administering disaster assistance programs and coordinating the Federal response in Presidentially declared disasters. Major activities under the disaster assistance program are human services which provides aid to families and individuals; infrastructure which supports the efforts of State and local governments to take emergency protective measures, clear debris and repair infrastructure damage; hazard mitigation which sponsors projects to diminish effects of future disasters; and disaster management, such as disaster field office staff and automated data processing support.

For fiscal year 1999, the Committee recommends $307,745,000 for disaster relief, a decrease of $1,612,255,000 below the fiscal year 1998 level and a decrease of $626,296,000 from the budget request. No contingency funding is provided.

The Committee directs FEMA to complete within 90 days after FEMA's receipt of the Watsonville Community Hospital Project Reports, all inspections, audits, and accounting concomitant to the close out of the grant, and to release and pay amounts of retained grant funds which are deemed appropriate.

The Committee is aware of a problem dating to the Loma Prieta earthquake when Fire Station #1 in the City of Tracy, California was damaged and rendered unusable. A subsequent application for disaster relief was denied and the City of Tracy has recently submitted a Hazard Mitigation Grant proposal to restore the building to service as a functioning fire station. The Committee urges FEMA to give this proposal serious consideration.

The Committee is encouraged to learn that FEMA continues to work with the Whittier Union High School District to address differences with regard to pending seismic related repairs and hazard mitigation. The Committee directs FEMA to continue this dialog and report to the Committee on Appropriations by September 1, 1998 on the status of discussions.

The Committee agrees with the basic premise of pre-disaster mitigation but has concerns that FEMA may not be using the funds to address areas where the risk of loss and the amount of potential loss are greatest. The Committee is concerned that FEMA may be spreading resources too thin is its effort to gain the widest possible support for the program. There does not appear to be any particular risk analysis which supports FEMA's effort to fund one pilot project in each of the 50 states. FEMA has indicated that their selection process relies heavily on the priorities which each state assigns to the proposed projects in that state. But nowhere does there appear to be an analysis that says the number one priority of one state is of greater benefit that the number three priority of another state. The Committee believes that FEMA should reevaluate its selection process to ensure that the most beneficial projects are funded, regardless of where they are located. To that end, the Committee does not believe a pre-disaster mitigation project in each of the 50 states should of necessity be one of the FEMA's goals.

The Committee directs FEMA to continue working with officials of Lackawanna County, Pennsylvania and the Pennsylvania Emergency Management Agency to resolve the issue of reconstructing East Mountain Road which was severely damaged during the winter flood of January 1996. The Committee has learned that FEMA expects the county will revise its Hazard Mitigation Grant project application to fit within the eligibility criteria of the program. The Committee urges FEMA to take steps to resolve this issue expeditiously.

The Committee strongly supports the application of San Bernardino Valley College for a Hazard Mitigation Grant. Due to the proximity of the campus to the San Jacinto fault zone and aging campus structures, funding for on-campus mitigation activities is critical to prevent any potential risk to life.

The Committee continues to be concerned that Santa Marta Hospital has not been admitted to the Seismic Hazard Mitigation Program for Hospitals. Santa Marta Hospital remains a vital element to the severely disadvantaged community of East Los Angeles to which it provides critical health care services to this largely low-income and minority population. Because of the distinguishing circumstances of Santa Marta Hospital's mission and service, the Committee expects FEMA to give favorable consideration to the Hospital's appeal for participation in this mitigation program.

The Committee is concerned that FEMA has failed to apply the proper code or standard for purposes of determining reimbursable amounts under Section 406 of the Stafford Act with respect to certain institutions of higher learning damaged as a result of the 1994 Northridge earthquake. The Committee wishes to restate its view that, in the case of public institutions which are subject to building codes that require changes in the pre-disaster construction of a damaged facility, FEMA shall recognize such codes and standards for purposes of determining reimbursement when such institution has provided credible evidence that all requirements for recognition of such codes, under the applicable regulations, have been satisfied. The Committee wishes further to state that, in evaluating a particular code or standard for such an institution, the proper concern is whether any code-required construction changes are, in fact, mandatory and not discretionary. The Committee believes that reasonable discretion as to the timing or sequencing of required repairs does not convert a mandatory code requirement into a discretionary one. Finally, the Committee wishes to state that code standards that apply to the repair of facilities damaged as a result of a disaster but not to undamaged facilities does not create an impermissible "two-tiered" system. Rather, such codes are based on the simple and common sense notion that, when major repairs to public facilities are required as a result of a major disaster, it is often more cost-effective to bring the entirety of a facility up to applicable code standards when the damage is above a certain threshold.

In addition, the Agency is requested to continue to provide by the last day of each month a report to the Committee which updates the disposition of all ongoing mitigation activities, the amounts necessary to carry-out such mitigation, and the remaining unobligated balance of disaster relief funds.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

STATE SHARE LOAN

Fiscal year 1999 recommendation	$1,355,000
Fiscal year 1998 appropriation	1,495,000
Fiscal year 1999 budget request	1,355,000
Comparison with fiscal year 1998 appropriation	−140,000
Comparison with fiscal year 1998 budget request	0

	Limitation on direct loans	Administrative expenses
Fiscal year 1999 recommendation	($25,000,000)	$440,000
Fiscal year 1998 appropriation	(25,000,000)	341,000
Fiscal year 1999 budget request	(25,000,000)	440,000
Comparison with fiscal year 1998 appropriation	(0)	+99,000
Comparison with fiscal year 1999 request	(0)	0

Beginning in 1992, loans made to States under the cost sharing provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act were funded in accordance with the Federal Credit Reform Act of 1990. The Disaster Assistance Direct Loan Program Account, which was established as a result of the Federal Credit Reform Act, records the subsidy costs associated with the direct loans obligated beginning in 1992 to the present, as well as administrative expenses of this program.

For fiscal year 1999, the Committee recommends $1,355,000 for the cost of State Share Loans, the same as the President's request and a decrease of $140,000 from the fiscal year 1998 level. In addition, the Committee has provided $25,000,000 for the limitation on direct loans pursuant to Section 319 of the Stafford Act, as well $440,000 for administrative expenses of the program.

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$171,138,000
Fiscal year 1998 appropriation	171,773,000
Fiscal year 1999 budget request	172,438,000
Comparison with fiscal year 1998 appropriation	−635,000
Comparison with fiscal year 1999 budget request	−1,300,000

This activity encompasses the salaries and expenses required to provided executive direction and administrative staff support for all agency programs in both the headquarters and field offices. The account funds both program support and executive direction activities.

The bill includes $171,138,000 for salaries and expenses, a decrease of $635,000 from the fiscal year 1998 level and a decrease of $1,300,000 from the budget request. The Committee recommendation does not provide $1,300,000 proposed in a budget amendment recently received from the President. The Committee will continue its evaluation of the merits of the amendment and take action as appropriate.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation	$4,930,000
Fiscal year 1998 appropriation	4,803,000
Fiscal year 1999 budget request	4,930,000
Comparison with fiscal year 1998 appropriation	+127,000
Comparison with fiscal year 1999 budget request	0

The Office of Inspector General (OIG) was established administratively within FEMA at the time of the Agency's creation in 1979. Through a program of audits, investigations and inspections, the OIG seeks to prevent and detect fraud and abuse and promote economy, efficiency and effectiveness in the Agency's programs and operations. Although not originally established by law, FEMA's OIG was formed and designed to operate in accordance with the intent and purpose of the Inspector General Act of 1978. The Inspector General Act Amendments of 1988 created a statutory Inspector General within FEMA.

For fiscal year 1999, the Committee has recommended $4,930,000 for the Office of Inspector General, an increase of $127,000 above the fiscal year 1998 appropriation and the same as the fiscal year 1999 budget request.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Fiscal year 1999 recommendation	$231,674,000
Fiscal year 1998 appropriation	243,546,000
Fiscal year 1999 budget request	206,674,000
Comparison with fiscal year 1998 appropriation	−11,872,000
Comparison with fiscal year 1999 budget request	+25,000,000

This appropriation provides program resources for the majority of FEMA's "core" activities, including, response and recovery; preparedness, training and exercises; mitigation programs, fire prevention and training; information technology services; operations support; and executive direction. Costs for the floodplain management component are borne by policyholders and reimbursed from the National Flood Insurance Fund.

A fiscal year 1999 appropriation of $231,674,000 is recommended, a decrease of $11,872,000 from the 1998 level and $25,000,000 over the fiscal year 1999 budget request.

The Committee recommendation does not provide $11,100,000 proposed in a budget amendment recently received from the administration. The Committee will continue its evaluation of the merits of the amendment and take action as appropriate.

The budget request included a new account for pre-disaster mitigation at a value of $50,000,000. The Committee does not agree that the new account is required and instead has included $30,000,000 within the EMPA account. Within the amount provided, FEMA is directed to conduct a pilot project of seismic retrofit technologies on at least two existing welded steel frame buildings in two distinct geographically dispersed, seismically active areas in the United States: the New Madrid fault region and a California fault region. The Committee directs that a report be provided by FEMA, on or before March 31, 1999, and again on or before June 30, 1999, to the Committee regarding progress made toward completion of these retrofits and development of an essential data base. The Committee recommends that FEMA establish a steering committee to receive input from industry associations and the technical community regarding the appropriate use of updated building codes and industry standards in performing these retrofits. In addition, the Committee directs FEMA to conduct a pilot project using laser technology developed by the Applied Research Laboratory at Penn State University under a contract with the U. S. Naval Research

Lab. The pilot project is to demonstrate non-disruptive seismic retrofitting of a medical center facility in California.

The Committee has provided an increase of $3,500,000 for construction of an Emergency Operations Center in Monroe County, Pennsylvania. The center is to serve as a model demonstration of how disaster management support activities can be effectively and efficiently provided through the use of the latest computer and communications technology available. This center will provide specialized facilities for emergency operations dealing with hazardous materials, terrorist incidents, fire and flood disasters.

The Committee continues to support the Urban Search and Rescue program and urges FEMA to ensure existing teams are fully financed prior to establishing any new teams. The Committee continues to be concerned that FEMA does not have clear statutory authority for Urban Search and Rescue teams and has not promulgated regulations to manage the teams. The Committee urges FEMA to address these deficiencies as well as clarifying the responsibilities under the current Memoranda of Agreement with participating teams.

The Committee directs FEMA to allocate an additional $3,600,000 from within the amount provided for the replacement and upgrade of equipment for Mobile Emergency Response Support.

The Committee has included $1,000,000 to initiate a pilot project for two-foot contour interval mapping by the Louisiana Oil Spill Coordinator's Office. This pilot project shall be cost shared 75% federal and 25% local/state.

The Committee has previously requested that FEMA work with officials of Point Coupee Parish, Louisiana on development of an emergency communications system. To date no constructive work has been accomplished. The Committee has included $1,600,000 for this project in fiscal year 1999 and directs FEMA to undertake this project within 30 days of enactment of this Act.

The Committee is disappointed that FEMA chronically misses deadlines for submitting reports and information to the Committee on Appropriations. For example, House Report 105–175 (July 11, 1997) requested that FEMA provide by February 1, 1998 a comprehensive assessment of Federal disaster training facilities. As of this date the Committee has not received the report. This is but one example among many. The Committee urges FEMA to respond more quickly to report requests so the Committee can make its decisions using full information.

The Committee directs FEMA develop an evacuation plan for a Category 3 or greater storm for New Orleans, Louisiana. FEMA is directed to work with the Louisiana Office of Emergency Prepareness and the New Orleans Regional Planning Commission on the development of such a plan.

According to the National Fire Incident Reporting System, of fire fatalities caused by furniture ignition from small open flames, 80% occur in households without a working smoke detector. Yet smoke detectors have been proven to save lives. For instance, the U.S. Fire Administration studied a smoke detector and fire safety education program in a targeted area in Oklahoma City. They found that the program resulted in an 80% decrease in the rate of fire-related injuries. At the same time, the rest of Oklahoma City experienced an 8% increase in the rate of fire-related injuries. In addition, the Centers for Disease Control led a smoke detector and fire safety program in Benton County, Mississippi, which had one of the highest rates of residential fire deaths in the South. The CDC distributed over 800 smoke detectors and worked with the county's volunteer fire departments to educate families and children about fire safety. The total cost of the program was about $7,500 and since the program started two years ago, there have been no fire-related deaths in Benton County. The Committee believes the foregoing information warrants expansion of a smoke detector and fire safety pilot project similar to those conducted in Oklahoma City and Benton County, to be carried out over a period of three years. Therefore, the Committee directs FEMA, through the U.S. Fire Administration, to conduct such a pilot project in localities of highest risk for residential fires. The U.S. Fire Administration shall design and implement this project which shall at a minimum include targeted distribution of smoke detectors and public education on the value and benefits of maintaining working smoke detectors in the home. The Administration shall monitor the impact of this project on fire incidence in these communities and shall report to the Congress on these results.

The Committee has become increasingly concerned with FEMA's practice of adopting new or modified policies which have significant cost impacts on state and local governments' claims without the opportunity of comment from, or prior notification of such policies to, the affected state and localities experiencing a diaster. Furthermore, in the case of the 1995 winter storms in the state of California, new policies adopted by the Agency were applied retroactively. The Committee recommends that FEMA ensure an opportunity for public comment prior to the adoption of any new or modified polices that would have potential funding impacts on state and local governments, and that the Agency does not apply such policies retroactively.

EMERGENCY FOOD AND SHELTER PROGRAM

Fiscal year 1999 recommendation	$100,000,000
Fiscal year 1998 appropriation	100,000,000
Fiscal year 1999 budget request	100,000,000
Comparison with fiscal year 1998 appropriation	0
Comparison with fiscal year 1999 budget request	0

The Emergency Food and Shelter Program within the Federal Emergency Management Agency originated in the 1983 Emergency Jobs legislation. Minor modifications were incorporated in the Stewart B. McKinney Homeless Assistance Act. The program is designed to help address the problems of the hungry and homeless. Appropriated funds are awarded to a National Board to carry out programs for sheltering and feeding the needy. This program is nationwide in scope and provides such assistance through local private voluntary organizations and units of government selected by local boards in areas designated by the National Board as being in highest need.

The Committee has recommended $100,000,000 for the Emergency Food and Shelter Program, the same as the budget request and the fiscal year 1998 funding level. The Committee continues to believe this is a well run and very worthwhile program and acknowledges and appreciates the support and commitment to the program by many religious and charity organizations.

Once again this year, bill language is included which limits administrative costs to 3.5% for fiscal year 1999.

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

The Flood Disaster Protection Act of 1973 requires the purchase of insurance in communities where it is available as a condition for receiving various forms of Federal financial assistance for acquisition and construction of buildings or projects within special flood hazard areas identified by the Federal Emergency Management Agency. All existing buildings and their contents in communities where flood insurance is available, through either the emergency or regular program, are eligible for a first layer of coverage of subsidized premium rates.

Full risk actuarial rates are charged for new construction or substantial improvements commenced in identified special flood hazard areas after December 31, 1974, or after the effective date of the flood insurance rate map issued to the community, whichever is later. For communities in the regular program, a second layer of flood insurance coverage is available at actuarial rates on all properties, and actuarial rates for both layers apply to all new construction or substantial improvements located in special flood hazard areas. The program operations are financed with premium income augmented by Treasury borrowings.

The Committee has included bill language proposed in the budget request for salaries and expenses to administer the fund, not to exceed $22,685,000, and for mitigation activities, not to exceed $78,464,000, including a limitation of $20,000,000 for the repayment of interest as required under Section 1366 of the National Flood Insurance Act of 1968, as amended.

The Committee is aware that authorization to write new policies during fiscal year 1999 does not currently exist. The Committee urges the passage of appropriate authorizing legislation prior to September 30, 1998 to ensure continuation of this program.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Fiscal year 1999 recommendation	$2,619,000
Fiscal year 1998 appropriation	2,419,000
Fiscal year 199 budget request	2,419,000
Comparison with fiscal year 1998 appropriation	+200,000
Comparison with fiscal year 1999 request	+200,000

The Consumer Information Center (CIC) helps Federal departments and agencies promote and distribute consumer information and promotes public awareness of existing government publications through dissemination of a consumer information catalog and other media programs.

The Consumer Information Center Fund, a revolving fund established by Public Law 98–63, provides for the efficient operation of the Consumer Information Center. The revolving fund finances CIC activities through annual appropriations, reimbursement from agencies for distribution costs, fees collected from the public, and incidental income.

The Committee recommends an appropriation of $2,619,000 for fiscal year 1999. This is an increase of $200,000 from the fiscal year 1998 level and an increase of $200,000 to the fiscal year 1999 President's budget request. The Consumer Information Center has experienced difficulty recently with hiring new personnel because the nature of the Center's work has changed and people with greater computer skills are required. Since people with these skills are in high demand, the Center has had to modify its grade structure in order to hire the required personnel. In recognition of this fact, the Committee recommends an increase of $200,000 for personnel related expenses. The bill also includes a limitation of $7,500,000 on the availability of the revolving fund. Any revenues accruing to this fund during fiscal year 1999 in excess of this amount shall remain in the fund and are not available for expenditure except as authorized in appropriations Acts.

National Aeronautics and Space Administration

Fiscal year 1999 recommendation	$13,328,200,000
Fiscal year 1998 appropriation	13,648,000,000
Fiscal year 1999 budget request	[1] 13,465,000,000
Comparison with fiscal year 1998 appropriation	−319,800,000
Comparison with fiscal year 1999 request	−136,800,000

[1] In addition, the budget request included advanced appropriations requests totaling $7,729,000,000.

The National Aeronautics and Space Administration was created by the National Space Act of 1958. NASA conducts space and aeronautics research, development, and flight activity designed to ensure and maintain U.S. preeminence in space and aeronautical endeavors.

The Committee has recommended a total program level of $13,328,200,000 in fiscal year 1999, which is a decrease of $136,800,000 from the budget request and $319,800,000 below the fiscal year 1998 enacted appropriation.

HUMAN SPACE FLIGHT

Fiscal year 1999 recommendation	$5,309,000,000
Fiscal year 1998 appropriation	[1] 5,506,500,000
Fiscal year 1999 budget request	[2] 5,511,000,000
Comparison with fiscal year 1998 appropriation	−196,500,000
Comparison with fiscal year 1999 request	−202,000,000

[1] An additional $53,000,000 was transferred to this account in P.L. 105–174.
[2] An additional $7,729,000,000 was requested in advanced appropriations for the International Space Station.

This appropriation provides for human space flight activities, including development of the international space station and operation of the space shuttle. This account also includes support of planned cooperative activities with Russia, upgrades to the performance and safety of the space shuttle, and required construction projects in direct support of the space station and space shuttle programs.

The Committee recommends a total of $5,309,000,000 for the human space flight account. The recommendation is a decrease of

$202,000,000 from the President's budget request and $196,500,000 below the fiscal year 1998 enacted appropriation.

The fiscal year 1999 budget request for Human Space Flight includes $2,270,000,000 for space station, $3,059,000,000 for space shuttle, and $182,000,000 for payload utilization and operations.

The budget request for space shuttle operations is reduced by $32,000,000 to reflect program changes recently announced. The original budget request includes $2,487,400,000 for shuttle operations reflecting eight flights in fiscal year 1999, of which six were specified for the assembly of the space station. The space station control board revised the assembly schedule in May of 1998 to reflect delays in delivery of the Russian furnished service module, which results in only four station assembly flights in fiscal year 1999. In recognition of this program change, the Committee recommends reducing shuttle operations funding by the cost of the two station assembly shuttle flights that will not occur. This will leave funding for four station assembly flights and two non-station flights that were included in the budget justification material. The Committee recommendation includes the full budget request for shuttle safety and performance upgrades of $571,600,000.

The Committee acknowledges the interest of several U.S. companies in the near-term commercialization of surplus resources during space shuttle flights and the assembly of the space station. Recent testimony before the Senate indicates that there are significant revenues to be gained from commercialization activities that would not conflict with existing research efforts. Additionally, the continuing need to find additional resources to pay for station development cost increases highlights the need to be innovative and open to unconventional ideas. The Committee therefore endorses efforts by the House Committee on Science to enable and direct NASA to work with its shuttle and station contractors to pursue these commercialization opportunities as a way to defray operations and development costs.

The Committee recommends funding of the space station at $2,100,000,000. The amount provided is $170,000,000 below the budget request. The Committee has concerns that management control, at both the contractor and agency levels, is lacking. When the Congress was finalizing the fiscal year 1998 supplemental in April of this year, NASA insisted that total funding required for 1998 would be at least $2,551,300,000. While the Congress was unable to provide additional resources up to this level of funding, approval was granted for a funding level of $2,441,300,000. It has now come to the Committees attention that even this lower level of funding is not going to be required in fiscal year 1998 and in fact up to $400,000,000 will not be spent. The Committee cannot continue to provide funding excess of near-term needs and directs NASA to take action to improve the financial management of the program immediately. The Committee agrees that the ability to do life and microgravity research is the principal reason for building the space station, but is concerned that the research program for the space station is suffering from a lack of focus because the management of the space station program is preoccupied with development and assembly. The Committee therefore directs NASA to transfer administrative responsibility for the space station research program to the Office of Life and Microgravity Sciences and Applications.

The Committee recognizes that process improvement by NASA and the single prime contractor for space shuttle have resulted in hundreds of millions of dollars in savings. Furthermore, the Committee recognizes the importance of keeping this critical national resource operational well in the next century. Therefore, in addition to any funds already planned for shuttle upgrades, the Committee supports the reinvestment of additional savings in cost effective upgrades or other Human Space Flight programs.

SCIENCE, AERONAUTICS AND TECHNOLOGY

Fiscal year 1999 recommendation	$5,541,600,000
Fiscal year 1998 appropriation	5,690,000,000
Fiscal year 1999 budget request	5,457,400,000
Comparison with fiscal year 1998 appropriation	−148,400,000
Comparison with fiscal year 1999 request	+84,200,000

This appropriation provides for the research and development activities of the National Aeronautics and Space Administration. These activities include: space science, life and microgravity science, earth sciences, aeronautical research and technology, advanced concepts and technology, launch services, and academic programs. Funds are also included for the construction, maintenance, and operation of programmatic facilities.

The Committee recommends $5,541,600,000 for Science, Aeronautics and Technology in fiscal year 1999. The amount recommended is $84,200,000 above the budget request. The amount provided includes an increase of $43,600,000 for Space Science, $43,000,000 for Aeronautics and Space Transportation, $21,500,000 for Life and Microgravity Science, $29,400,000 for Academic Programs, and $5,000,000 for Mission Communications. These increases are partially offset by a general reduction of $59,400,000 from earth sciences programs reflecting a reduction in uncosted carry-over. Specific program adjustments are explained below.

For space science programs, the Committee recommends the following changes to the budget request:

1. $20,000,000 for the Mars 2001 program.
2. $20,000,000 for the Space Solar Power program.
3. $1,600,000 for the Near Earth Asteroid Tracking program.
4. $2,000,000 for a NASA Science Center at Glendale Community College.

MARS 2001 PROGRAM

The Committee recommends an increase to the Mars 2001 program of $20,000,000 in fiscal year 1999. The Committee notes that some activities associated with the program were originally intended to be financed out of the Human Space Flight account, but responsibility was shifted recently to the Space Science account without a corresponding shift of funding. The Committee is disappointed that cooperation among NASA's enterprises is not possible and as a result Congressional intervention is required to ensure that the Mars surveyor program is properly supported. In the future, the Committee expects to be kept fully informed of any potential problems in meeting the Mars surveyor program objectives so that adjustments can be made as necessary.

SPACE SOLAR POWER

The Committee notes with interest NASA's completion last year of its "Fresh Look" study of Space Solar Power, and its initiation of a follow-up study this year. The identification and experimental demonstration of critical path technologies which would enable the cost-effective, commercial collection of solar power from space, and its distribution to the Earth, is an example of a beneficial technology research and development program which should be part of NASA's core programs. The Committee therefore has provided an increase of $20,000,000 for Space Solar Power research in the Cross-Enterprise Technology activity in the Office of Space Science. The Committee directs that this effort shall be carried out by a partnership including the Marshall and Lewis Research Centers and the Jet Propulsion Laboratory, appropriate laboratories in the Department of Energy, and private industry.

NEAR EARTH ASTEROID TRACKING

The Near Earth Asteroid Tracking program objective is to catalog, track, and characterize near-earth objects. The Committee notes the high public interest in near-earth objects as well as the need to accelerate cataloging and tracking of near-earth objects. The lesson learned from the EX11 asteroid is also an indication that study and detection of these near-earth objects must be undertaken with great care. The Committee is encouraged by testimony presented during hearings and subsequent information submitted by NASA regarding its efforts to triple the capacity in detecting near-earth objects and agrees with the goal of coordinating NASA efforts with other agencies and international partners. The importance of these efforts is not to be taken lightly. Therefore, the Committee recommends an additional $1,600,000 for this program in fiscal year 1999 for acquisition of new equipment, upgrading existing equipment, and accelerated tracking, cataloging, and characterization of near-earth objects.

NASA SCIENCE CENTER

The Committee recommends $2,000,000 for a NASA Science Center to be located in the physical sciences building of Glendale Community College. The Center is intended to promote closer ties with the Jet Propulsion Lab and serve as a resource for science departments in the college's fifteen feeder high schools.

AIRSEDS-S

The Committee is aware of a proposed technology demonstration program with the goal of developing and demonstrating a new tether deployment technology. The proposed program, Atmospheric Ionospheric Research using Small Expendable Deployed Satellites or AIRSEDS, would expand on the research already funded by NASA through its Small Business Innovative Research program. The Committee is intrigued by the potential of the program and encourages NASA to seriously consider any proposals to demonstrate further the benefits of tether technology.

For aeronautics and space transportation programs, the Committee recommends the following increases to the budget request:

1. $6,000,000 for hybrid propulsion testing.
2. $30,000,000 for Future-X.
3. $2,000,000 for the Midwest Technology Transfer Center.
4. $5,000,000 for Commercial Technology programs.

SPACE TRANSPORTATION

The Committee commends NASA's decision to initiate an ongoing series of experimental space transportation technology flight demonstrations which will continue the progress made by the X–33 and X–34 programs in enabling cheaper access to and from space. The budget request included $17,000,000 to begin work on this effort, an amount which the Committee feels is inadequate. The Committee recommends an increase of $30,000,000 for this program and directs at least $24,000,000 to be spent in cooperation with the Air Force's Military Space Plane project.

The Committee is interested in the plans NASA has for the future of the space shuttle program and directs NASA to provide a comprehensive report to the Committee by September 1, 1998 explaining (1) what programs are included in the five-year budget for extending the life of the shuttle, (2) what are the objectives of each of those programs, and (3) the anticipated cost of those programs on an annual basis. Additionally, NASA is directed to allocate $10,000,000 to the liquid flyback booster program and develop plans for a proof of concept demonstration of the program.

INDEMNIFICATION

The Committee understands that the Administration has proposed legislation for NASA to eliminate a gap in current law governing the sharing of financial risk for space endeavors, specifically to ensure unimpeded progress in development and testing of the X–33 and X–34 reusable launch vehicle technology. The legislation would extend NASA's current indemnification authority to provide the ability to indemnify developers of experimental aerospace vehicles, such as the X–33 and X–34 vehicles, against claims by third parties, thereby maximizing the resources which can be invested in the actual technology demonstrations. In addition, the legislation would provide clear statutory authority for NASA to conclude cross-waivers of liability with U.S. companies, similar to existing NASA authority to conclude such waivers with foreign partners in aerospace activities. This authority would enable NASA to enter into agreements with the developers of the X–33 and X–34 whereby each party agrees to assume the risk of damage to its assets, and agrees not to sue any other involved party. The Committee understands that enactment of this legislation is time critical, inasmuch as flight testing of the X–33 and X–34 are scheduled to begin in early 1999. The Committee urges the timely passage of this legislation to minimize disruptions in the X–33 and X–34 programs.

TECHNOLOGY TRANSFER PROGRAMS

The Committee recommends an increase of $2,000,000 for the Midwest Regional Technology Transfer Center to continue and expand the Garrett Morgan initiative throughout Ohio and the Great Lakes region. In addition, the Committee recommends an increase of $5,000,000 in the Commercial Technology program for initiatives to link women and minority owned businesses, and businesses from distressed communities, to NASA technologies and capabilities. Finally, the Committee agrees to provide the budget request of $7,200,000 for the National Technology Transfer Center.

CLASSROOM OF THE FUTURE

The fiscal year 1999 budget request includes $2,000,000 for the Classroom of the Future under NASA's Educational Technology line item. The Committee recognizes that this program continues to be a major component of the educational technology program within NASA and has therefore provided the budget request.

NASA INDEPENDENT VERIFICATION AND VALIDATION FACILITY

The Committee recommends the budget request of $13,940,000 for activities of the NASA independent Verification and Validation Facility in Fairmont, West Virginia. This amount of funding will provide facility operations and maintenance including the research and development of autonomous spacecraft safety analysis, safety testing, and software reuse.

STEREOSCOPIC DISPLAYS

The Committee recognizes that NASA's Advanced Subsonic Technology program is currently working with the Schepens Eye Research Institute to improve stereoscopic displays. The Committee endorses NASA's efforts and encourages NASA to do an assessment of the technology at an appropriate time to determine if expansion to a more robust program is desirable.

AERONAUTICS FUNDING

The Committee endorses the High Speed Research program at the budget request level of $190,000,000. The Committee also strongly supports NASA leadership and support of the general aviation community and encourages further development and expansion in this area. The Committee is concerned that NASA's aeronautics programs do not receive the attention and funding they deserve. NASA's aeronautics investments provide research infrastructure and explore high-risk, long-term payoff research in such areas as advanced subsonics technology, high speed research, and access to space. The resulting knowledge spurs U.S. industrial innovation and commercial market development. This has enabled the private sector to invest in product development that results in the delivery of goods and services to the public, creates high value jobs, and stimulates significant economic development. Given these benefits to the nation, the Committee urges NASA to work toward increasing the funding for aeronautics research in the future.

CENTER OF EXCELLENCE IN TURBOMACHINERY

The Committee recommends that NASA designate the Lewis Research Center as the lead or coordinating center of excellence in turbomachinery. This designation should be inclusive of all turbomachinery technology development efforts including that required for space applications.

LIFE AND MICROGRAVITY SCIENCES

The Committee recommends an increase of $21,500,000 for life and microgravity science programs. This amount includes $6,500,000 for space radiation research. The Committee is concerned that the life sciences program will have a significant gap of seven to nine years between major thematic missions. Without one or two dedicated thematic life science mission during this gap, universities will have significant problems in sustaining the life sciences community, both in retaining the best scientists and attracting the best new students into the field. Therefor, the Committee has provided $15,000,000 to be used to address the projected gap.

Over the course of the shuttle program, this Committee has been very supportive of a robust science program. It is with dismay, therefore, that the Committee learned of a draft shuttle manifest that dropped Mission 107, a mission scheduled for May 2000 designed to perform cutting edge medical research and promote commercial access to space. The Committee urges NASA to revisit this issue in a final manifest and strive for a more equitable balance between science, commercial interest, and space station assembly.

For academic programs, the Committee recommends the following increases to the budget request:

1. $10,000,000 minority university research and education programs.
2. $1,000,000 for a residential aerospace educational center.
3. $3,500,000 for academic and infrastructure needs at the University of Redlands.
4. $5,500,000 for programs at the American Museum of Natural History.
5. $9,400,000 for the Partnership Awards program.

The Committee recommends a total of $55,900,000 for the minority university research and education programs. The increase of $10,000,000 will enable the agency to expand opportunities for minority institutions to better participate in the NASA's centers of excellence and thereby enhance diversity in the NASA-sponsored research and education community. These funds will also serve to achieve a balance between NASA's total funding to institutions of higher education and minority institutions. This $10,000,000 increase for the science, engineering, mathematics, and aeronautics academy (SEMAA) program includes $4,500,000 for new programs in St. Louis, Missouri; Jamaica Queens, New York; DeKalb County, Georgia; and Greenville, North Carolina. The remaining $5,500,000 is for continuation of existing SEMAA locations.

Consistent with congressional direction, NASA recent partnership awards and other programmatic initiatives have done much to reach areas of the nation's underserved minority institutions and socially and economically disadvantaged students. To expand opportunities and enhance diversity in the NASA sponsored research and education, and to achieve a balance between the proportion of NASA funding received by minority institutions of higher education and other institutions of higher education, the Committee recommends an increase of $9,400,000 for partnership awards.

Efforts to achieve high quality math and science performance in the K–12 sector is highly dependent upon the quality of the teacher workforce and especially in urban and rural school systems, where there is a growing inadequacy of highly qualified math and science teachers. Thus, NASA is strongly urged to strengthen and expand its math and science teacher preparation programs.

The Committee is aware of and encourages the ongoing dialogue between NASA and the University of Tennessee at Chattanooga in support of educational outreach. NASA is encouraged to facilitate the plans of the University to reach students and visitors in the region by using available resource materials to enhance existing programs at the institution. With the availability of NASA distance learning technology, schools in and around southeastern Tennessee and the Northern Georgia/Alabama areas will be able to link directly with the Marshall Space Flight Center to reach thousands of students in the tri-state area.

The Committee recommends an increase of $5,000,000 for Mission Communications. The Committee is concerned that the reductions in funding proposed in the budget request may be more than the program can absorb and that other programs may suffer degradation of services as a result. It is expected that this additional funding will ensure that vital mission communications functions continue to operate smoothly.

APPLICATION OF SATELLITE IMAGERY FOR LOCAL GOVERNMENT USE

The Committee directs NASA to provide $3,000,000 from the earth science program to the Regional Application Center in Cayuga County, New York for development of programs which use satellite imagery in urban planning and agricultural applications. The Center in Cayuga County is the only Regional Application Center in the Northeast and as such will be able to offer new perspectives on the use of satellite imagery and data to address land use problems.

The Committee recommendation includes a general reduction to the budget request for earth sciences programs. The Committee remains concerned with the execution of several specific programs within earth science and with the large amounts of unobligated and uncosted carryover funds associated with this portion of the budget. The Committee recommendation includes a general reduction of $59,400,000 which is less than 10% of the uncosted carryover which existed at the end of fiscal year 1998.

The Committee understands that NASA is considering a new program to the Earth-Sun LaGrange-1 point (L1) designed to provide an HDTV quality, full color image of the full sun-lit disk of the Earth on the Internet, updated approximately every three minutes. The Committee understands that NASA's objective is to complete development of this spacecraft for under $50,000,000, with potential commercial offsets, and to launch the spacecraft within the next 24 months. The Committee understands that it is NASA's intent to issue a competitive solicitation in the near future, inviting industry proposals, ranging from specific components to the entire spacecraft. Because the Committee has questions concerning the mission objectives, adequacy of plans for peer review of proposals, and availability of funding, the Committee has included bill language prohibiting use of fiscal year 1999 funds for this mission. The Committee expects to examine the results of NASA's Announcement of Opportunity by September 1998. Before the Committee will consider removing the prohibition against expenditure of fiscal year 1999 appropriations for this mission, NASA must demonstrate for the Committee that the Agency has a plan for a public-private, peer-reviewed mission, which has resulted from a competitive process.

MISSION SUPPORT

Fiscal year 1999 recommendation	$2,458,600,000
Fiscal year 1998 appropriation	2,433,200,000
Fiscal year 1999 budget request	2,476,600,000
Comparison with fiscal year 1998 appropriation	+25,400,000
Comparison with fiscal year 1999 request	−18,000,000

The appropriation provides for mission support, including: safety, reliability, and quality assurance activities supporting agency programs; space communication services for NASA programs; salaries and related expenses in support of research in NASA field installations; design, repair, rehabilitation, and modification of institutional facilities and construction of new institutional facilities; and other operational activities supporting the conduct of agency programs.

The Committee recommends a total of $2,458,600,000 for the mission support account. The recommended amount is $25,400,000 more than the fiscal year 1998 appropriation and $18,000,000 less than the budget request. The Committee recommends a general reduction of $20,000,000 to the Mission Support account. The Committee directs NASA to report by September 1, 1998 on which efforts will be affected by this funding reduction.

CLAIMS SETTLEMENT

The Committee recommends an increase of $2,000,000 for the settlement of claims submitted for work associated with the Integrated Test Facility located at the Dryden Flight Research Center. Last year the Committee requested that the NASA Inspector General review the merits of the claims and provide the Committee with recommendations on the validity of the claims and the amount of payment required to reach settlement. The Committee took this action in recognition of the changes in procedures for resolution of claims under 31 U.S.C. 3702 which transferred responsibility from the General Accounting Office to the Office of Management and Budget or its designated agent. NASA is directed to reach final settlement with the subcontractors as quickly as possible using the recommendations of the Inspector General as the basis for resolution.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation	$19,000,000
Fiscal year 1998 appropriation	18,300,000
Fiscal year 1999 budget request	20,000,000
Comparison with fiscal year 1998 appropriation	+700,000
Comparison with fiscal year 1999 request	−1,000,000

The Office of the Inspector General was established by the Inspector General Act of 1978 and is responsible for audit and investigation of all agency programs.

The Committee recommends $19,000,000 for the Office of the Inspector General in fiscal year 1999, a reduction of $1,000,000 from the budget request. The funding provided is $700,000 above the amount provided in fiscal year 1998.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Limitation of direct loans	Administrative Expenses
Fiscal year 1999 recommendation	$600,000,000	$176,000
Fiscal year 1998 appropriation	600,000,000	203,000
Fiscal year 1999 budget request	600,000,000	176,000
Comparison with fiscal year 1998 appropriation	0	−27,000
Comparison with fiscal year 1999 request	0	0

The National Credit Union Central Liquidity Facility Act established the National Credit Union Administration Central Liquidity Facility (CLF) on October 1, 1979, as a mixed-ownership government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration and is owned by its member credit unions. Loans may not be used to expand a loan portfolio, but are authorized to meet short-term requirements such as emergency outflows from managerial difficulties, seasonal credit and protracted adjustment credit for long-term needs caused by disintermediation or regional economic decline.

The Committee recommends the requested limitations of $600,000,000 on new loans and $176,000 on administrative expenses. In addition, the Committee recommends an appropriation of $2,000,000 for the Community Development Revolving Loan Program for Credit Unions.

Questions have been raised about whether the $600,000,000 limitation on liquidity is sufficient given the size of corporate credit union assets. Though the CLF is not used regularly and only in times of serious economic downturns, it is important to note that if the country were to experience the type of systemic liquidity problems faced in the early 80's, the $600,000,000 would be used very quickly.

NATIONAL SCIENCE FOUNDATION

Fiscal year 1999 recommendation	$3,626,700,000
Fiscal year 1998 appropriation	3,429,000,000
Fiscal year 1999 budget request	3,773,000,000
Comparison with fiscal year 1998 appropriation	+197,700,000
Comparison with fiscal year 1999 request	−146,300,000

The National Science Foundation was established in 1950 and received its first appropriation of $225,000 in 1951. The primary purpose behind its creation was to develop a national policy on science, and support and promote basic research and education in the sciences filling the void left after World War II.

The Committee recommends a total of $3,626,700,000 for fiscal year 1999. This recommendation is an increase of $217,000,000 above last year's appropriation and $146,300,000 below the President's budget request.

Of the amounts approved in the following appropriations accounts, the Foundation must limit transfers of funds between programs and activities to not more than $500,000 without prior approval of the Committee. Further, no changes may be made to any account or program element if it is construed to be policy or a change in policy. Any activity or program cited in this report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. Finally, it is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above.

RESEARCH AND RELATED ACTIVITIES

Fiscal year 1999 recommendation	$2,745,000,000
Fiscal year 1998 appropriation	2,545,700,000
Fiscal year 1999 budget request	2,846,800,000
Comparison with fiscal year 1998 appropriation	+199,300,000
Comparison with fiscal year 1999 request	−101,800,000

The appropriation for Research and Related Activities covers all programs in the Foundation except Education and Human Resources, Salaries and Expenses, NSF Headquarters Relocation, Major Research Equipment, and the Office of Inspector General. These are funded in other accounts in the bill. The Research and Related Activities appropriation includes United States Polar Research Programs and Antarctic Logistical Support Activities and the Critical Technologies Institute, which were previously funded through separate appropriations. Beginning with fiscal year 1997, the President's budget provided funding for the instrumentation portion of Academic Research Infrastructure in this account.

The Committee recommends $2,745,000,000 for Research and Related Activities in fiscal year 1999, an increase of $199,300,000 above last year's funding level and $101,800,000 below the budget request. An additional appropriation of $70,000,000 is included in Title IV—General Provisions of this bill. The funding increase over the 1998 level is intended to be spread proportionally throughout NSF's Research and Related Activities as outlined in the budget request and accompanying justification, except as specifically noted below.

It is the Committee's intention that within the increased funding level provided for fiscal year 1999, Atmospheric Sciences will receive the budget request of no less than $170,000,000, Earth Sciences the budget request of no less than $106,000,000, and Ocean Sciences the budget request of no less than $230,000,000. No funds have been provided for the GLOBE program.

The Committee has included bill language intended to make it clear that NSF will no longer have the governmental responsibility to administer the domain name and numbering system of the Internet. While NSF may have appeared to be a logical choice to have such a mission several years ago, the overwhelming growth and maturity of the Internet clearly point to other agencies of government, such as the Commerce Department, as the better candidates to oversee the system.

The scientific work performed by and through the NSF in Antarctica continues to be of great importance to the Committee. At the same time such scientific endeavors proceed, however, significant and perhaps difficult changes regarding the management and logistics of operations throughout the continent are taking place. Such changes remain a concern for the Committee from the standpoint of minimizing the disruption of ongoing science while at the same time maximizing the use of available fiscal resources.

In this vein, questions were raised by the Committee in the context of the fiscal year 1999 budget hearings focusing on utilizing industry best management and accounting practices as well as reducing disruptions while the move towards privatization and facility upgrade moves forward. For example, NSF has indicated that the construction schedule at South Pole will of necessity reduce the number of flights available to shuttle researchers. While this circumstance is obviously unavoidable to some degree, the Committee believes every effort should be made to maintain the highest level of ongoing science possible.

Similarly, NSF has reported the need to upgrade its air traffic management system on the continent. Such a system will most likely require significant appropriations, and it is the Committee's desire to begin planning for such future needs now rather than at the "last minute." Again, lack of adequate lead time to facilitate these upgrades will only serve to further disrupt ongoing operations. The Committee expects to be kept informed on a regular basis of the progress and the problems occurring in Antarctica as events move forward, and also expects to receive a semi-annual accounting of the specific cost savings generated as a result of the privatization of operations.

The Foundation's budget contains $50,000,000 for major research instrumentation. These funds are distributed at the outset of each year to each of the research directorates. Ultimately, the distributed resources are re-allocated based on actual funding decisions made on proposals submitted in response to the program announcement. This re-allocation leads to annual revisions in the operating plan for each of the research directorates, usually late in the fiscal year. Even though the NSF has made these adjustments in accord with the Committee's reprogramming procedures, it does make it difficult to track funding trends among and between the various activities within the research account.

Therefore, the Committee requests the Foundation to use the fiscal year 1999 operating plan and the 2000 budget request to begin displaying major research implementation as an activity within the Research and Related Activities appropriation account.

The Committee understands that the Foundation is reorganizing its behavioral and social science research programs to accelerate the impressive advances that are occurring in these areas. The Committee applauds this reorganization as a sign of NSF's expanding commitment to these areas and reiterates its belief that basic research in the behavioral sciences is central in understanding and addressing many national concerns. Also noted is the publication of "Basic Research in Psychological Science," a human capital initiative report on the achievements in many areas of psychological research such as visual and auditory perception, memory and learning, decision making, social and culture-based behaviors, and human development. The Foundation is encouraged to use this report in establishing behavioral and social science research priorities.

In testimony before the Committee on the 1999 budget request, the National Science Board was asked to discuss its recent report on government funding for scientific research which, among other matters, calls for more comprehensive coordination of federally funded research. In response, the report was noted to comment that, "there should be an overall strategy for research, with areas of increased and areas of decreased emphasis. The budget as a whole should be adequate both to serve national priorities and to foster a world-class scientific and technical enterprise. To this end, Congress and the Administration need to establish a process that examines the complete Federal research budget before the budget is disaggregated for consideration in Congressional committees."

The Board's witness went on to say that, "The Board has concluded that an appropriate next step is to initiate a study of guidelines for priority setting across fields of science that go beyond those proposed in the COSEPUP report * * * [The] purpose of this task would not be to set priorities, but rather to undertake a study of how they might best be set. The study should involve the opinions of a diverse group including, among others, active researchers with breadth of vision."

The Committee strongly agrees with the thrust of the NSB report and the comments of the NSB witness. The Foundation is thus asked to develop the guidelines for such a study and provide for the Committee at the earliest possible date a proposed plan, including necessary costs, to accomplish this task and institute such a study.

Finally, in a response to questions raised at the aforementioned budget hearing, it was determined that the NSF Director has since fiscal year 1995 maintained a so-called "Opportunity Fund." Resources for this Fund are derived from proportionate "contributions" requested of each of the research directorates.

The Committee is not aware of any reference to the existence or the use of this Fund in either the budget justification or in the annual operating plans. While the Committee will at this time reserve judgment with respect to the use of further appropriated funds in this manner, the Foundation is directed to provide by November 1, 1998 a report detailing specifically the amount, the origin, and the use of these funds since NSF instituted the program. Should the Fund exist beyond fiscal year 1998, the Committee expects to see a spending plan submitted for the Fund as part of the operating plan, as well as a detailed reference to the Fund and its planned use in the budget justification.

The National Science Board (NSB) approved the Science and Technology Centers Program in August 1987. Ten years later, the NSB reviewed the program and approved its continuation based upon its documented success. Among the reasons for the success of the program has been that Centers have been selected because of the strength of the individual research performers that have applied. With participation open to all research performers, and with independent evaluation every three years, the Centers have been selected and continued strictly on the basis of the following criteria:

Research merit and educational excellence;

Exploitation of opportunities in science, engineering, and technology where the complexity of the research problems or the resources needed to solve these problems require the advantages of scope, scale, change, duration, equipment, facilities, and students that can only be provided by a campus-based Center;

Investigations at the frontiers of knowledge, at interfaces of disciplines and/or fresh approaches at the core of disciplines;

The engagement of the Nation's intellectual talents, drawn from its full human diversity (especially women and underrepresented minorities), in the conduct of human research and education activities;

Organizational connections and linkages within and between campuses, schools and/or the world beyond (state, local, federal agencies, national labs, industry, international);

Focus on integrative learning and discovery and the preparation of students for a diverse set of career paths; and

Science and engineering in service to society especially with respect to new research areas, promising new instrumentation, and potential new technologies.

The Committee has provided continued funding for the Centers program, with the understanding that the Foundation will continue to apply these criteria for the selection of Centers. The Committee is concerned that the effectiveness of the program could suffer if its limited resources were diverted from a strict evaluation of merit to other allocation mechanisms.

MAJOR RESEARCH EQUIPMENT

Fiscal year 1999 recommendation	$90,000,000
Fiscal year 1998 appropriation	74,000,000
Fiscal year 1999 budget request	94,000,000
Comparison with fiscal year 1998 appropriation	+16,000,000
Comparison with fiscal year 1999 request	−4,000,000

This account provides funding for the construction of major research facilities that provide unique capabilities at the cutting edge of science and engineering.

The Committee recommends a total of $90,000,000 for the major research equipment account for fiscal year 1999. This level reflects $9,000,000 for the Millimeter Array, $22,000,000 for the Large Hadron Collider, $20,000,000 Polar support aircraft upgrades, and $39,000,000 for continued maintenance and construction of new facilities in Antarctica.

The Committee recommendation for the Millimeter Array, LHC, and Polar support aircraft upgrades is the same as requested in the budget submission. The South Pole Station/Antarctica construction project has been increased from the budget request of $22,000,000 to $39,000,000, reflecting the Committee's desire to provide as much "up-front" funding as possible so as to achieve maximum economies of scale and planning and purchasing flexibility at an early stage of the project. With this appropriation, the Committee will have provided some $109,000,000 of the $127,900,000 projected cost of the project.

For fiscal year 1999, the Committee has recommended no funding for the Polar Cap Observatory. This action is taken reluctantly and without prejudice. Indeed, the Committee has been a strong proponent of the project and believes the science to be achieved would go far towards enhancing our understanding of the conditions in the space environment that can influence the performance and reliability of space-borne and ground-based technological systems. Such systems include satellites, communications, navigation, and electric power distribution grids.

Despite the value of the project, however, difficulties in resolving concerns voiced by various parties have effectively brought the project to a standstill. Moreover, there appears to be little likelihood that a resolution of these concerns will come about soon. The Committee has therefore determined to utilize funds budgeted for this project to enhance the funding proposed for construction of South Pole Station. Should these concerns be resolved prior to final passage of this measure or in future months, the Committee will revisit funding for PCO at the earliest possible time.

The Committee has not advanced funded MRE projects as was proposed in the budget submission.

Although the Committee has provided the budget request of $9,000,000 for the Millimeter Array—which is similar to the funding provided in fiscal year 1998—there is considerable concern that the construction phase of this important project may be delayed or abandoned as a consequence of not securing funding partnerships with foreign organizations. The Foundation is encouraged to continue to actively pursue an appropriate sharing arrangement, and the Committee expects to be kept informed of the progress in this regard.

Last year, the Committee noted that the scientific opportunities associated with high-field nuclear magnetic resonance technologies were being pursued by scientists in other nations. This past January, scientists met in Washington, D.C. to examine the opportunities these major instruments could provide in the exploration of new frontiers. As this technology is one of the most exciting and promising for new advances, the Committee strongly encourages NSF to carefully review and consider this report as it seeks future MRE activities.

EDUCATION AND HUMAN RESOURCES

Fiscal year 1999 recommendation	$642,500,000
Fiscal year 1998 appropriation	632,500,000
Fiscal year 1999 budget request	683,000,000
Comparison with fiscal year 1998 appropriation	+10,000,000
Comparison with fiscal year 1999 request	−40,500,000

The Foundation's Education and Human Resources activities are designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate science and engineering education environment, to assist in providing all pre-college students with a level of education in mathematics, science, and technology that reflects the needs of the nation and is the highest quality attained anywhere in the world, and extend greater research opportunities to underrepresented segment of the scientific and engineering communities.

For fiscal year 1999, the Committee recommends $642,500,000, an increase of $10,000,000 above last year's appropriated level and a decrease of $40,500,000 below the budget request. Within this total funding level, the Committee expects that up to $7,500,000 above the budget request be used for graduate needs of under-represented minority doctorates in science and engineering. Additionally, the Foundation is directed to provide $41,000,000, or $5,000,000 over the budget request, for the Informal Science Education program.

The National Science Foundation has made considerable progress with its state, urban, and rural systemic initiatives designed to promote reform of K–12 math and science education. Early results show significant math and science student achievements in NSF funded sites. The Committee believes each program should be sustained as appropriate and in particular, the Urban Systemic Initiative should be fully funded in fiscal year 1999.

The Committee notes the national model for which the Alliance for Minority Participation program has become for producing minority scientists and engineers. This very important national initiative should be sustained as well as the K–12 programs that serve as feeders to it. One initiative of the program, the summer science camp program, serves as a stimulant for interest in math and science and is the foundation for future interest in this subject area.

Although only established within the past few years, the Advanced Technological Education (ATE) program is viewed as crucial to ensuring a highly competent technical workforce. The Committee is pleased that the Foundation has forged effective partnerships with the relevant, local scientific and technical business sector to further expand the scope and significance of the program. The Committee encourages continued growth of this important activity. Additionally, the Committee urges the Foundation to incorporate advance technology in its math, science, engineering, and technology programs including the math/science education programs and the K–12 summer science camps mentioned previously.

Efforts to achieve high quality math and science performance in the K–12 sector is highly dependent upon the quality of the teacher workforce and, especially in urban and rural school systems, there is a growing inadequacy of highly qualified math and science teachers. Accordingly, the Committee strongly urges the National Science Foundation to strengthen and significantly expand its math and science teacher preparation programs.

Increasingly the purposeful applications of technology is regarded as an integral and value-added component of high quality math, science, engineering and technology education. The National

Science Foundation is urged to increase its investment in research and development that underpin learning technologies and their application in math, science, engineering, and technology education sites at the K–12, two year and community colleges, and undergraduate levels.

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$144,000,000
Fiscal year 1998 appropriation	136,950,000
Fiscal year 1999 budget request	144,000,000
Comparison with fiscal year 1998 appropriation	+7,050,000
Comparison with fiscal year 1999 request	0

The Salaries and Expenses activity provides for the operation, support and management, and direction of all Foundation programs and activities and includes necessary funds that develop, manage, and coordinate Foundation programs.

The Committee recommends an appropriation of $144,000,000 for salaries and expenses, the same as the President's budget request and an increase of $7,050,000 over last year's appropriated level.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1999 recommendation	$5,200,000
Fiscal year 1998 appropriation	4,850,000
Fiscal year 1999 budget request	5,200,000
Comparison with fiscal year 1998 appropriation	+350,000
Comparison with fiscal year 1999 request	0

This account provides National Science Foundation audit and investigation functions to identify and correct management and administrative deficiencies which could lead to fraud, waste, or abuse.

For fiscal year 1999, the Committee has recommended $5,200,000 for the Office of Inspector General. This amount is $350,000 above last year's funding level and is the same as the President's budget request.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Fiscal year 1999 recommendation	$90,000,000
Fiscal year 1998 appropriation	60,000,000
Fiscal year 1999 budget request	90,000,000
Comparison with fiscal year 1998 appropriation	+30,000,000
Comparison with fiscal year 1999 budget request	0

The Neighborhood Reinvestment Corporation, established by title VI of Public Law 95–557 in October 1978, is committed to promoting reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government. Neighborhood reinvestment is primarily accomplished by assisting community-based partnerships (NeighborWorks organizations) in a range of local revitalization efforts. Increasing homeownership among low-income families is a key revitalization tool. Neighborhood Housing Services of America (NHSA) supports lending activities of the NeighborWorks organizations through a national secondary market that leverages its capital with private sector investment.

The Committee recommends the request of $90,000,000 for fiscal year 1999, an increase of $30,000,000 above the fiscal year 1998 level. Consistently, the Neighborhood Reinvestment Corporation performs beyond its goals and the Committee's expectations. The Committee applauds NRC's contributions to the affordable housing industry.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Fiscal year 1999 recommendation	$24,176,000
Fiscal year 1998 appropriation	23,413,000
Fiscal year 1999 budget request	24,940,000
Comparison with fiscal year 1998 appropriation	+763,000
Comparison with fiscal year 1999 budget request	−764,000

The Selective Service System was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military if Congress and the President should authorize a return to the draft.

For fiscal year 1999, the bill includes $24,176,000 for the Selective Service System, an increase of $763,000 above the fiscal year 1998 level and a decrease of $764,000 below the budget request. This increase of 3.2 percent should be adequate to accommodate necessary payroll requirements and to provide needed equipment and supplies. The reduction is to be taken from activities such as public service information.

TITLE IV

GENERAL PROVISIONS

The Committee recommends the twenty-one general provisions requested in the fiscal year 1999 budget. These provisions are carried in the fiscal year 1998 Appropriations Act (Public Law 105–65). The Committee also recommends a new general provision, Sec. 422, which allows funds appropriated to the Environmental Protection Agency, the National Aeronautics and Space Administration, and the National Science Foundation for the United States/Mexico Foundation for Science to be spent specifically for the Foundation. In addition, the Committee has included a general provision which reverses the decision by the Consumer Product Safety Commission regarding flammability standards for children's sleepwear.

Finally, the Committee has included a provision that increases the Federal Housing Administration (FHA) single family mortgage insurance limits. The floor is raised from 38 percent (or $86,000) of the FHLMC and FNMA conforming loan limit to 48 percent (or $109,000), and the ceiling is raised from 75 percent (or $170,000) of the conforming loan limit to 87 percent (or $197,000). Additionally, in metropolitan statistical areas where there are various loan limits, the limit is based on the level of the highest median price of a median 1-family house within the area.

The Committee is concerned about the relatively low representation of racial minorities on the staff of the HUD Office of the Inspector General and within other Offices of the Inspectors General, particularly at senior and managerial levels and within the investigations components of the offices. This situation has existed for a long period of time even though the incumbent Inspector General has taken some steps to address these problems, including the creation of a diversity liaison group and an outreach program to Historically Black Colleges and Universities and Hispanic-Serving Institutions.

Some progress has been made in increasing diversity on the audit side of the OIG. However, on the investigations side of the Office—the area where diversity is, in some senses the most crucial—progress has been very slow or even negative. Representation of minorities among OIG investigators actually went down between FY 1994 and FY 1997.

The Committee recognizes that increasing diversity among employees can be a challenging task, and that federal personnel rules and practices may sometimes make the task more difficult. However, the Committee also believes it vital that more progress be made.

While the workforce of the HUD OIG has been brought to the Committee's attention, the Committee believes equally strongly in the importance of a diverse workforce at every agency covered by this bill. Therefore, the Committee directs each Inspector General funded in this measure to convene a working group to study these issues, identify the problems and report to the Committee. The particular issue to be addressed is how to improve racial diversity within offices of the Inspectors General.

Further, the Committee directs Inspectors General funded in this measure to report to the House and Senate Committees on Appropriations, not less than twice a year regarding workforce diversity issues. The report should include statistics on hiring, promotions and separations within the OIG, by racial and gender categories, broken down by office, occupation, grade and level of responsibility (e.g., senior staff, managerial employees, and each grade).

House of Representatives Report Requirements

The following items are included in accordance with various requirements of the Rules of the House of Representatives:

Constitutional Authority

Clause 2(l)(4) of rule XI of the Rules of the House of Representatives states that: "Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution."

The Committee on Appropriations bases its authority to report this legislation from clause 7 of section 9 of article I of the Constitution of the United States of America which states: "No money shall be drawn from the Treasury but in consequence of Appropriations made by law * * *"

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

TRANSFER OF FUNDS

Pursuant to clause 1(b), rule X of the Rules of the House of Representatives, the following statements are made describing the transfers of funds provided in the accompanying bill.

The Committee has included language transferring not to exceed $24,534,000 from compensation and pensions to general operating expenses and medical care. These funds are for the administrative costs of implementing cost-saving proposals required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Language is also included permitting necessary sums to be transferred to the medical facilities revolving fund to augment funding of medical centers for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

The Committee recommends transferring the following amounts to the VA's general operating expenses appropriation pursuant to the Federal Credit Reform Act of 1990: the veterans housing benefit program fund program account ($159,121,000), the education loan fund program account ($206,000), the vocational rehabilitation loans program account ($400,000), and the Native American veteran housing loan program account ($515,000). In addition, the bill provides for transfers of $7,000 for program costs and $54,000 for the administrative expenses of the general post fund, national homes program from the general post fund.

The Committee also recommends the transfer to general operating expenses: $86,000 from the national cemetery system and $22,633,000 from the medical care account.

The Committee has included language under the Department of Veterans Affairs which would transfer funds ($558,000,000) from the medical collections fund to medical care.

The Committee recommends providing authority under administrative provisions for the Department of Veterans Affairs for any funds appropriated in 1999 for compensation and pensions, readjustment benefits, and veterans insurance and indemnities to be transferred between those three accounts. This will provide the Department of Veterans Affairs flexibility in administering its entitlement programs. Language is also included permitting the funds from three life insurance funds to be transferred to general operating expenses for the costs of administering such programs.

The Committee has included language under the Department of Housing and Urban Development transferring all uncommitted prior balances of excess rental charges as of fiscal year 1998 and all collections made during fiscal year 1999 to the flexible subsidy fund.

The Committee recommends a provision under the Public Housing Capital Fund which transfers all obligated and unobligated balances as of the end of fiscal year 1998 from various accounts into the Public Housing Capital Fund Account.

The Committee recommends a transfer of $10,000,000 from the Drug Elimination Grants for Low-Income Housing to the Office of Inspector General for Operation Safe Home.

The Committee has included language transferring $1,000,000 of funds appropriated for administrative expenses to carry out the section 108 loan guarantee program to the departmental salaries and expenses account.

The Committee recommends transferring a total of $518,343,000 from the various funds of the Federal Housing Administration (not to exceed $324,866,000 from the FHA-mutual mortgage insurance program account and $93,134,000 from the FHA-general and special risk program account) for salaries and expenses of the Department of Housing and Urban Development.

The Committee has included language transferring a total of $22,343,000 from the various funds of the Federal Housing Administration (not to exceed $4,022,000 from the FHA-mutual mortgage insurance program account and $18,321,000 from the FHA-general and special risk program account) to the Office of Inspector General.

The Committee has included language transferring $9,383,000 from the Government National Mortgage Association's guarantees of mortgage-backed securities loan guarantee program account to HUD's salaries and expenses account.

The Committee recommends language allowing a transfer of $16,551,000 from the federal housing enterprise oversight fund to the office of federal housing enterprise oversight account.

The Committee has included language transferring $400,000 from the Indian housing loan guarantee fund program account to HUD's salaries and expenses account.

The Committee has included language transferring $200,000 from the Native American housing block grants account to the salaries and expenses account.

The Committee has included language under the Environmental Protection Agency transferring funds from the hazardous substance superfund trust fund ($12,237,000) to the Office of Inspector General. In addition, $40,000,000 is transferred from the hazardous substance superfund trust fund to the science and technology account.

The Committee recommends transferring $15,000,000 from the oil spill liability trust fund to the oil spill response account.

The Committee has included language under the Federal Deposit Insurance Corporation transferring up to $34,666,000 from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund to the Office of Inspector General.

The Committee has included language under the Federal Emergency Management Agency transferring up to $20,000,000 from the National Flood Insurance Fund to the National Flood Mitigation Fund.

Compliance With Rule XIII, Cl. 3 (Ramseyer Rule)

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE BALANCED BUDGET DOWNPAYMENT ACT, I

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TITLE IV

HOUSING AND URBAN DEVELOPMENT

* * * * * * *

PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS, AND PREFERENCES

SEC. 402. (a) MINIMUM RENTS.—Notwithstanding sections 3(a) and 8(o)(2) of the United States Housing Act of 1937, as amended, or section 206(d) of the Housing and Urban-Rural Recovery Act of 1983 (including section 206(d)(5) of such Act), and subsection (f) of this section, effective for [fiscal years 1997 and 1998] *fiscal years 1997, 1998, and 1999*—

(1) * * *

* * * * * * *

(f) This section shall be effective upon the enactment of this Act and only for fiscal years 1996, 1997, and 1998*, except that subsection (d) and the amendments made by such subsection shall also be effective for fiscal year 1999*.

SECTION 8 FAIR MARKET RENTALS, ADMINISTRATIVE FEES, AND DELAY IN REISSUANCE

SEC. 403. (a) * * *

* * * * * * *

(c) DELAY REISSUANCE OF VOUCHERS AND CERTIFICATES.—Notwithstanding any other provision of law, a public housing agency administering certificate or voucher assistance provided under subsection (b) or (o) of section 8 of the United States Housing Act of 1937, as amended, shall delay for 3 months, the use of any amounts of such assistance (or the certificate or voucher representing assistance amounts) made available by the termination during [fiscal years 1996, 1997, and 1998] *fiscal years 1996, 1997, 1998, and 1999* of such assistance on behalf of any family for any reason, but not later than October 1, 1996 for assistance made available during fiscal year 1996, October 1, 1997 for assistance made available during fiscal year [1997 and October] *1997, October* 1, 1998 for assistance made available during fiscal year 1998 *and October 1, 1999 for assistance made available during fiscal year 1999*; with the exception of any certificates assigned or committed to project-based assistance as permitted otherwise by the Act, accomplished prior to the effective date of this Act.

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SECTION 201 OF THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1996

EXTEND ADMINISTRATIVE PROVISIONS FROM THE RESCISSION ACT

SEC. 201. (a) PUBLIC AND INDIAN HOUSING MODERNIZATION.—

(1) * * *

[(2) APPLICABILITY.—Section 14(q) of the United States Housing Act of 1937, as amended by subsection (a) of this section, shall be effective only with respect to assistance provided from funds made available for fiscal year 1997 or any preceding fiscal year.]

(2) APPLICABILITY.—Section 14(q) of the United States Housing Act of 1937 shall be effective only with respect to assistance provided from funds made available for fiscal year 1999 or any preceding fiscal year, except that the authority in the first sentence of section 14(q)(1) to use up to 10 percent of the allocation of certain funds for any operating subsidy purpose shall not apply to amounts made available for fiscal years 1998 and 1999.

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UNITED STATES HOUSING ACT OF 1937

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TITLE I—GENERAL PROGRAM OF ASSISTED HOUSING

* * * * * * *

LOWER INCOME HOUSING ASSISTANCE

SEC. 8. (a) * * *

* * * * * * *

(c)(1) An assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this section, except that the maximum monthly rent may exceed the fair market rental (A) by more than 10 but not more than 20 per centum where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a housing strategy as defined in section 105 of the Cranston-Gonzalez National Affordable Housing Act, or (B) by such higher amount as may be requested by a tenant and approved by the public housing agency in accordance with paragraph (3)(B). In the case of newly constructed and substantially rehabilitated units, the exception in the preceding sentence shall not apply to more than 20 per centum of the total amount of authority to enter into annual contributions contracts for such units which is allocated to an area and obligated with respect to any fiscal year beginning on or after October 1, 1980. *The maximum monthly rent for a single person (other than an elderly person or person with disabilities, if such elderly person or person with disabilities is living with one or more persons determined under the regulations of the Secretary to be essential to such person's care or well-being) receiving tenant-based rental assistance in the certificate program under subsection (b)(1) shall not exceed by more than the amount permitted under the second sentence of this paragraph the fair market rental for an efficiency unit, except that the Secretary, or the public housing agency in accordance with guidelines established by the Secretary, may determine not to apply the limitation in this sentence if there is an insufficient supply of efficiency units in the market area or if necessary to meet the needs of persons with disabilities.* Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section. Notwithstanding any other provision of this section, after the date of enactment of the Housing and Community Development Act of 1977, the Secretary shall prohibit high-rise elevator projects for families with children unless there is no practical alternative. The Secretary shall establish separate fair market rentals under this paragraph for Westchester County in the State of New York. The Secretary shall also establish separate fair market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market area in which Monroe County is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison with other units in the market area that are exempt from local rent control.

* * * * * * *

(o) RENTAL VOUCHERS.—(1) The Secretary may provide assistance using a payment standard in accordance with this subsection. The payment standard shall be used to determine the monthly assistance which may be paid for any family, as provided in paragraph (2) of this subsection, and shall be based on the fair market rental established under subsection (c). *The payment standard for a single person (other than an elderly person or person with disabilities, if such elderly person or person with disabilities is living with one or more persons determined under the regulations of the Sec-*

retary to be essential to such person's care or well-being) shall be based on the fair market rental for an efficiency unit, except that the Secretary, or the public housing agency in accordance with guidelines established by the Secretary, may determine not to apply the limitation in this sentence if there is an insufficient supply of efficiency units in the market area or if necessary to meet the needs of persons with disabilities.

(2) The monthly assistance payment for any family shall be the amount by which the payment standard for the area exceeds 30 per centum of the family's monthly adjusted income, except that such monthly assistance payment shall not exceed the amount by which the rent for the dwelling unit (including the amount allowed for utilities in the case of a unit with separate utility metering) exceeds 10 per centum of the family's monthly income. *Notwithstanding the preceding sentence, for families being admitted to the voucher program who remain in the same unit or complex, where the rent (including the amount allowed for utilities) does not exceed the payment standard, the monthly assistance payment for any family shall be the amount by which such rent exceeds the greater of 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly income.*

* * * * * * *

ANNUAL CONTRIBUTIONS FOR OPERATION OF LOWER INCOME HOUSING PROJECTS

SEC. 9. (a)(1) * * *

* * * * * * *

(3)(A) For purposes of making payments under this section (except for payments under paragraph (1)(B)), the Secretary shall utilize a performance funding system that is substantially based on the system defined in regulations and in effect on the date of the enactment of the Housing and Community Development Act of 1987 (as modified by this paragraph), and that establishes standards for costs of operation and reasonable projections of income, taking into account the character and location of the project and the characteristics of the families served, in accordance with a formula representing the operations of a prototype well-managed project. Such performance funding system shall be established in consultation with public housing agencies and their associations, be contained in a regulation promulgated by the Secretary prior to the start of any fiscal year to which it applies, and remain in effect for the duration of such fiscal year without change. Notwithstanding the preceding sentences, the Secretary shall revise the performance funding system by June 15, 1988, to accurately reflect the increase in insurance costs incurred by public housing agencies. *Notwithstanding the preceding sentences, the Secretary may revise the performance funding system in a manner that takes into account equity among public housing agencies and that includes appropriate incentives for sound management.* Notwithstanding sections 583(a) and 585(a) of title 5, United States Code (as added by section 3(a) of the Negotiated Rulemaking Act of 1990), any proposed regulation providing for amendment, alteration, adjustment, or other change to the performance funding system relating to vacant public housing units*, or any substantial change under the preceding sentence,* shall be issued pursuant to a negotiated rulemaking procedure under subchapter IV of chapter 5 of such title (as added by section 3(a) of the Negotiated Rulemaking Act of 1990), and the Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations.

* * * * * * *

SECTION 105 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

ELIGIBLE ACTIVITIES

SEC. 105. (a) Activities assisted under this title may include only—

(1) * * *

* * * * * * *

(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98–8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through ⟦1998⟧ *1999* to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in fiscal year 1994 to the City of Pittsburgh, Pennsylvania, such city may use not more than 20 percent in each such fiscal year for activities under this paragraph;

* * * * * * *

PUBLIC HOUSING MODERNIZATION

SEC. 14. (a) * * *

* * * * * * *

(q)(1) In addition to the purposes enumerated in subsections (a) and (b), a public housing agency may use modernization assistance provided under section 14, and development assistance provided under section 5(a) that was not allocated, as determined by the Secretary, for priority replacement housing, for any eligible activity authorized by this section, by section 5, or by applicable Appropriations Acts for a public housing agency, including the demolition, rehabilitation, revitalization, and replacement of existing units and projects and, for up to 10 percent of its allocation of such funds in any fiscal year, for any operating subsidy purpose authorized in section 9. *Such assistance may involve the drawdown of funds on a schedule commensurate with construction draws for deposit into an interest earning escrow account to serve as collateral or credit enhancement for bonds issued by a public agency for the construction or rehabilitation of the development.* Except for assistance used for operating subsidy purposes under the preceding sentence, assistance provided to a public housing agency under this section shall principally be used for the physical improvement, replacement of public housing, other capital purposes, and for associated management improvements, and such other extraordinary purposes as may be approved by the Secretary. Low-income and very low-income units assisted under this paragraph shall be eligible for operating subsidies, unless the Secretary determines that such units or projects do not meet other requirements of this Act.

* * * * * * *

SECTION 203 OF THE NATIONAL HOUSING ACT

INSURANCE OF MORTGAGES

SEC. 203. (a) * * *

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the Secretary as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount—

(A) not to exceed the lesser of—

(i) in the case of a 1-family residence, 95 percent of the median 1-family house price in the area, as determined by the Secretary; in the case of a 2-family residence, 107 percent of such median price; in the case of a 3-family residence, 130 percent of such median price; or in the case of a 4-family residence, 150 percent of such median price; or

[(ii) 75 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home

Loan Mortgage Corporation Act for a residence of the applicable size;

except that the applicable dollar amount limitation in effect for any area under this subparagraph may not be less than the grater of the dollar amount limitation in effect under this section for the area on the date of enactment of the Housing Choice and Community Investment Act of 1994 or 38 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size; and❳

(ii) 87 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size;

except that the dollar amount limitation in effect for any area under this subparagraph may not be less than 48 percent of the dollar limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size; and

(B) except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of—

(i) * * *

* * * * * * *

(iii) 90 percent of such value in excess of $125,000.

❲For purposes of the preceding sentence, the term "area" means a county, or a metropolitan statistical area as established by the Office of Management and Budget, whichever results in the higher dollar amount.❳ *For purposes of the preceding sentence, the term "area" means a metropolitan statistical area as established by the Office of Management and Budget; and the median 1-family house price for an area shall be equal to the median 1-family house price of the county within the area that has the highest such median price.* If the mortgage to be insured under this section covers property on which there is located a one- to four-family residence, and the appraised value of the property, as of the date the mortgage is accepted for insurance, does not exceed $50,000, the principal obligation may be in an amount not to exceed 97 percent of such appraised value. If the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 95 per centum of such value in excess of $25,000. Notwithstanding any other provision of this section, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, such mortgage shall not exceed 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance, unless (i) the dwelling was completed more than one

> year prior to the application for mortgage insurance, or (ii) the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, or (iii) the dwelling is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements which would have been applicable if such dwelling had been approved for mortgage insurance prior to the beginning of construction. As used herein, the term "veteran" means any person who served on active duty in the armed forces of the United States for a period of not less than 90 days (or as certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable, except that persons enlisting in the armed forces after September 7, 1980, or entering active duty after October 16, 1981, shall have their eligibility determined in accordance with section 3103A(d) of title 38, United States Code.

* * * * * * *

CHANGES IN THE APPLICATION OF EXISTING LAW

The Committee submits the following statements in compliance with clause 3, rule XXI of the House of Representatives, describing the effects of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly.

Language is included in various parts of the bill to continue ongoing activities and programs where authorizations have not been enacted to date.

In some cases, the Committee has recommended appropriations which are less than the maximum amounts authorized for the various programs funded in the bill. Whether these actions constitute a change in the application of existing law is subject to interpretation, but the Committee felt that this should be mentioned.

The Committee has included limitations for official reception and representation expenses for selected agencies in the bill.

Sections 401 through 421 of title IV of the bill, all of which are carried in the fiscal year 1998 Appropriations Act, are general provisions which place limitations or restrictions on the use of funds in the bill and which might, under certain circumstances, be construed as changing the application of existing law. Three new general provisions are included in the bill. Section 422 is included which allows funds to be used for an endowment of the United States/Mexico Foundation. Section 423 has been included which waives the application of numerous statutes with regard to Consumer Product Safety Commission rule-making. Finally, section 424 changes FHA loan limits.

The bill includes, in certain instances, limitations on the obligation of funds for particular functions or programs. These limitations include restrictions on the obligation of funds for administrative expenses, the use of consultants, and programmatic areas within the overall jurisdiction of a particular agency.

Language is included under the Department of Veterans Affairs, readjustment benefits, allowing the use of funds for payments arising from litigation involving the vocational training program.

Language is included under the Department of Veterans Affairs, medical care, earmarking and delaying the availability of certain equipment and land and structures funds, and earmarking and extending the availability of funds.

Language is included under the Department of Veterans Affairs, general operating expenses, providing for the reimbursement to the Department of Defense for the costs of overseas employee mail. This language has been carried previously and permits free mailing privileges for VA personnel stationed in the Philippines. Language is included which permits this appropriation to be used for administration of the Service Members Occupational Conversion and Training Act in 1999.

Language is included under the Department of Veterans Affairs, construction, major projects, establishing time limitations and reporting requirements concerning the obligation of major construction funds, limiting the use of funds, and allowing the use of funds for program costs.

Language is included under the Department of Veterans Affairs, construction, minor projects, providing that unobligated balances of previous appropriations may be used for any project with an estimated cost of less than $4,000,000, allowing the use of funds for program costs, and making funds available for damage caused by natural disasters.

Language is included under the Department of Veterans Affairs, parking revolving fund, providing for parking operations and maintenance costs out of medical care funds.

Language is included under the Department of Veterans Affairs, administrative provisions, permitting transfers between mandatory accounts, limiting and providing for the use of certain funds, and funding administrative expenses associated with VA life insurance programs from excess program revenues. These eight provisions have been carried in previous appropriations Acts. In addition, a new provision has been included which renames the VA Medical Center in Salisbury, North Carolina.

Language is included under Department of Housing and Urban Development, housing certificate fund, which limits the use of funds for specific housing activities, earmarks funds for counseling, and earmarks funds for welfare-to-work certificates and vouchers.

Language is included under the Department of Housing and Urban Development, public housing capital fund, which transfers balances from public housing service coordinators.

Language is included under Department of Housing and Urban Development, revitalization of severely distressed public housing (HOPE VI), which places restrictions on the use of funds for a housing authority and which amends environmental review provisions.

Language is included under Department of Housing and Urban Development, drug elimination grants for low-income housing, which specifies the use of certain funds, gives authority to define the term “drug related crime,” and allows the Secretary to place a restriction on the use of funds for sports grants.

Language is included under Department of Housing and Urban Development, housing opportunities for persons with AIDS, which provides for use of funds for technical assistance.

Language is included under the Department of Housing and Urban Development, community development block grants fund, which earmarks funds for specific housing organizations and programs, limits the expenses for planning and management development and administrative activities, and modifies and repeals certain provisions of the CDBG program.

Language is included under Department of Housing and Urban Development, home investment partnerships program, which earmarks funds for a counseling program.

Language is included under Department of Housing and Urban Development homeless assistance grants which conditions the use of funds and allows funding for technical assistance.

Language is included under the Department of Housing and Urban Development, housing for special populations: elderly and disabled, which earmarks funds for tenant-based rental assistance for the disabled, and which permits waivers of certain program provisions under the disabled and elderly programs.

Language is included under Department of Housing and Urban Development, flexible subsidy fund, which permits the use of excess rental charges.

Language is included under Department of Housing and Urban Development, FHA-general and special risk program account and mutual mortgage insurance program account, which earmarks funds for various purposes.

Language is included under Department of Housing and Urban Development, policy development and research, research and technology, which earmarks funds for a new program.

Language is included under Department of Housing and Urban Development, fair housing and equal opportunity, which places restrictions on the use of funds for lobbying activities.

Language is included under Department of Housing and Urban Development, office of lead hazard control, lead hazard reduction, which sets-aside funds for certain programs.

Language is included under Department of Housing and Urban Development, office of federal housing enterprise oversight, which limits net appropriations from the General Fund of the Treasury.

Language is included under Department of Housing and Urban Development, administrative provisions, which delays the issuance and re-issuance of vouchers and certificates, maintains and reduces annual adjustment factors, limits rents, imposes a minimum rent on public housing and assisted housing residents, provides public housing flexibility, revises allocations for housing opportunities for people with AIDS recipients, allows for collateralizations of bonds, eliminates the shopping incentive for voucher holders, authorizes renegotiation of performance funding system, allows an exemption from HOME and community development block grant rules, and that changes CDBG public service cap for Los Angeles and Los Angeles County.

Language is included under Chemical Safety and Hazard Investigation Board, salaries and expenses, which limits the size of the Board.

Language is included under Department of the Treasury, Community Development Financial Institutions, community development financial institution program account, which sets-aside funds for various purposes.

Language is included under Consumer Product Safety Commission, salaries and expenses, which limits funds available for proposed rule-making.

Language is included under Corporation for National Service, which terminates the program.

Language is included under the Court of Veterans Appeals, salaries and expenses, permitting the use of funds for a pro bono program.

Language is included under the Environmental Protection Agency, buildings and facilities, which authorizes the construction of buildings.

Language is included under the Environmental Protection Agency, environmental programs and management, which limits use of funds.

Language is included under the Environmental Protection Agency, hazardous substance superfund, limiting availability of funds for toxicological profiles performed by the Agency for Toxic Substances and Disease Registry and limiting the funds available for Brownfields assessments.

Language is included under the Environmental Protection Agency, leaking underground storage tank trust fund, authorizing assistance to Indian tribes.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which provides grants to states, local and tribal governments.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which permits the EPA to use categorical assistance grant funds to operate certain environmental programs when states or tribes do not have acceptable programs in place.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which modifies use of certain grants.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which modifies state matching requirements for colonias.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, permitting the combining of assets of state revolving funds as security for certain bonding purposes.

Language is included under Executive Office of the President, Council on Environmental Quality and Office of Environmental Quality, limiting the size of the Council.

Language is included under the Federal Emergency Management Agency, radiological preparedness fund, promulgating a schedule of fees concerning the radiological emergency preparedness program.

Language is included under the Federal Emergency Management Agency, emergency food and shelter, limiting administrative expenses.

Language is included under the Federal Emergency Management Agency, national flood insurance fund, which limits administrative expenses, program costs, and the amount available for repayment of debt, and which sets the rate for flood insurance for fiscal year 1999 at the level set in the National Flood Insurance Reform Act of 1994.

Language is included under the Federal Emergency Management Agency, emergency management planning and assistance, requiring a pilot project regarding smoke detectors and limiting the use of funds for rule making.

Language is included under the General Services Administration, Consumer Information Center, limiting certain fund and administrative expenses.

Language is included under the National Aeronautics and Space Administration, administrative provision, extending the availability of construction of facility funds, permitting funds for contracts for various services in the next fiscal year, and requires NASA to revise its appropriations accounts.

Language is included under the National Credit Union Administration, central liquidity facility, limiting new loans and administrative expenses.

Language is included under the National Science Foundation, research and related activities, providing for the use of receipts from other research facilities, requiring under certain circumstances proportional reductions in legislative earmarkings, and limits use of funds.

Language is included under the National Science Foundation, education and human resources activities, requiring under certain circumstances proportional reductions in legislative earmarkings.

Language is included under the National Science Foundation, salaries and expenses, permitting funds for contracts for various services in the next fiscal year and permitting the reimbursement of funds to the General Services Administration.

Language is included under the Neighborhood Reinvestment Corporation, payment to the Neighborhood Reinvestment Corporation, earmarking funds for a new homeownership demonstration.

Language is included under the Selective Service System, salaries and expenses, permitting the President to exempt the agency from apportionment restrictions of the Budget and Accounting Act of 1921 and prohibiting the use of funds for activities related to the induction of individuals into the Armed Forces of the United States.

Appropriations Not Authorized by Law

Pursuant to clause 3 of rule XXI of the House of Representatives, the following lists the appropriations in the accompanying bill which are not authorized by law:

Department of Veterans Affairs.

Construction, Major projects.

Department of Housing and Urban Development: All programs.

Community Development Financial Institutions.

Consumer Product Safety Commission.

Corporation for National and Community Service.

Council on Environmental Quality and Office of Environmental Quality (not authorized above $1,000,000).

Environmental Protection Agency:

Science and Technology (except the Clean Air Act).

Environmental Programs and Management (except the Clean Air Act).

Hazardous Substance Superfund.

State and Tribal Assistance Grants.

Office of Science and Technology Policy.

Federal Emergency Management Agency:

Emergency Food and Shelter Program.

Emergency Management Planning and Assistance (with respect to the Federal Fire Prevention and Control Act of 1974, Defense Production Act of 1950 and the Urban Property Protection and Reinsurance Act).

General Services Administration—Consumer Information Center.

National Aeronautics and Space Administration: All programs.

National Credit Union Administration Revolving Loan Fund.

National Science Foundation: All programs.

Neighborhood Reinvestment Corporation.

Balanced Budget and Emergency Deficit Control Act

During fiscal year 1999 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), the following information provides the definition of the term "program, project, and activity" for departments and agencies carried in the accompanying bill. The term "program, project, and activity" shall include the most specific level of budget items identified in the 1999 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, the accompanying House and Senate reports, the conference report of the joint explanatory statement of the managers of the committee of conference.

In applying any sequestration reductions, departments and agencies shall apply the percentage of reduction required for fiscal year 1999 pursuant to the provisions of Public Law 99–177 to each program, project, activity, and subactivity contained in the budget justification documents submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1999 budget estimates, as amended, for such departments and agencies, as subsequently altered, modified, or changed by Congressional action identified by the aforementioned Act, resolutions and reports. Further, it is intended that in implementing any Presidential sequestration order, (1) no program, project, or activity should be eliminated, (2) no reordering of funds or priorities occur, and (3) no unfunded program project, or activity be initiated. However, for the purposes of program execution, it is not intended that normal reprogramming between programs, projects, and activities be precluded after reductions required under the Balanced and Emergency Deficit Control Act are implemented.

Comparison With Budget Resolution

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344) requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 302(b) of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended.

[In millions of dollars]

	302(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with budget resolution:				
Discretionary	71,031	80,528	71,024	80,468
Mandatory	21,540	21,254	22,276	21,240
Total	92,571	101,782	93,300	101,708

Five-Year Outlay Projections

In accordance with section 308(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the following information was provided to the Committee by the Congressional Budget Office:

	Millions
Budget authority	$93,300
Outlays:	
1999	52,562
2000	22,485
2001	9,553
2002	3,911
2003 and beyond	4,096

Financial Assistance to State and Local Governments

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the Congressional Budget Office has provided the following estimates of new budget authority and outlays provided by the accompanying bill for financial assistance to state and local governments:

	Millions
Budget authority	$26,030
Fiscal year 1999 outlays resulting therefrom	4,299

Full Committee Votes

Pursuant to the provisions of clause 2(l)(2)(b) of rule XI of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: June 25, 1998.
Measure: VA, HUD, and Independent Agencies Appropriations Bill, FY 1999.
Motion by: Mr. Fazio.
Description of motion: To eliminate some of the prohibitions of activities in the bill and report dealing with the Kyoto Protocol.
Results: Rejected 18 yeas to 27 nays.

Members Voting Yea	*Members Voting Nay*
Ms. DeLauro	Mr. Aderholt
Mr. Dicks	Mr. Bonilla
Mr. Edwards	Mr. Callahan
Mr. Fazio	Mr. Cramer
Mr. Hefner	Mr. Cunningham
Mr. Hoyer	Mr. Delay
Ms. Kaptur	Mr. Dickey
Mrs. Lowey	Mr. Frelinghuysen
Mr. Moran	Mr. Hobson
Mr. Obey	Mr. Istook
Mr. Olver	Mr. Knollenberg
Mr. Pastor	Mr. Latham
Ms. Pelosi	Mr. Lewis
Mr. Porter	Mr. Livingston
Mr. Price	Mr. Miller
Mr. Sabo	Mr. Mollohan
Mr. Skaggs	Mr. Nethercutt
Mr. Stokes	Mr. Neumann
	Mrs. Northup
	Mr. Parker
	Mr. Regula
	Mr. Rogers
	Mr. Skeen
	Mr. Tiahrt
	Mr. Visclosky
	Mr. Walsh
	Mr. Wolf

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
TITLE I					
Veterans Benefits Administration					
Compensation and pensions	20,482,997,000	21,857,058,000	21,857,058,000	+1,374,061,000	
Readjustment benefits	1,366,000,000	1,175,000,000	1,175,000,000	-191,000,000	
Veterans insurance and indemnities	51,360,000	46,450,000	46,450,000	-4,910,000	
Veterans housing benefit program fund program account (indefinite)	166,370,000	263,587,000	263,587,000	+97,217,000	
(Limitation on direct loans)	(300,000)	(300,000)	(300,000)		
Administrative expenses	160,437,000	159,121,000	159,121,000	-1,316,000	
Education loan fund program account	1,000	1,000	1,000		
(Limitation on direct loans)	(3,000)	(3,000)	(3,000)		
Administrative expenses	200,000	206,000	206,000	+6,000	
Vocational rehabilitation loans program account	44,000	55,000	55,000	+11,000	
(Limitation on direct loans)	(2,278,000)	(2,401,000)	(2,401,000)	(+123,000)	
Administrative expenses	388,000	400,000	400,000	+12,000	
Native American Veteran Housing Loan Program Account	515,000	515,000	515,000		
Total, Veterans Benefits Administration	22,228,312,000	23,502,393,000	23,502,393,000	+1,274,081,000	

Veterans Health Administration					
Medical care	16,487,396,000	16,392,975,000	16,211,396,000	-276,000,000	-181,579,000
Delayed equipment obligation	570,000,000	635,000,000	846,000,000	+276,000,000	+211,000,000
Total	17,057,396,000	17,027,975,000	17,057,396,000		+29,421,000
(Transfer to general operations)			(-23,000,000)	(-23,000,000)	(-23,000,000)
Medical collections guarantee	15,000,000			-15,000,000	
Medical care cost recovery collections:					
Offsetting receipts	-543,000,000	-558,000,000	-558,000,000	-15,000,000	
Appropriations (indefinite)	543,000,000	558,000,000	558,000,000	+15,000,000	
Total available	(17,600,396,000)	(17,585,975,000)	(17,615,396,000)	(+15,000,000)	(+29,421,000)
Medical and prosthetic research	272,000,000	300,000,000	310,000,000	+38,000,000	+10,000,000
Medical administration and miscellaneous operating expenses	59,860,000	60,000,000	60,000,000	+140,000	
General Post Fund, National Homes:					
Loan program account (by transfer)	(7,000)	(7,000)	(7,000)		
Administrative expenses (by transfer)	(54,000)	(54,000)	(54,000)		
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)		
General post fund (transfer out)	(-61,000)	(-61,000)	(-61,000)		
Total, Veterans Health Administration	17,404,256,000	17,387,975,000	17,427,396,000	+23,140,000	+39,421,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
Departmental Administration					
General operating expenses	786,135,000	849,661,000	855,661,000	+69,526,000	+6,000,000
Offsetting receipts	(35,760,000)	(38,960,000)	(38,960,000)	(+3,200,000)	
Total, Program Level	(821,895,000)	(888,621,000)	(894,621,000)	(+72,726,000)	(+6,000,000)
(Transfer from medical care)			(23,000,000)	(+23,000,000)	(+23,000,000)
(Transfer from national cemetary)			(86,000)	(+86,000)	(+86,000)
National Cemetery System	84,183,000	92,006,000	92,006,000	+7,823,000	
(Transfer to general operations)			(-86,000)	(-86,000)	(-86,000)
Office of Inspector General	31,013,000	32,702,000	32,702,000	+1,689,000	
Construction, major projects	177,900,000	97,000,000	143,000,000	-34,900,000	+46,000,000
Construction, minor projects	175,000,000	141,000,000	175,000,000		+34,000,000
Grants for construction of State extended care facilities	80,000,000	37,000,000	80,000,000		+43,000,000
Grants for the construction of State veterans cemeteries	10,000,000	10,000,000	10,000,000		
Total, Departmental Administration	1,344,231,000	1,259,369,000	1,388,369,000	+44,138,000	+129,000,000
Total, title I, Department of Veterans Affairs	40,976,799,000	42,149,737,000	42,318,158,000	+1,341,359,000	+168,421,000
(By transfer)	(61,000)	(61,000)	(61,000)		
(Limitation on direct loans)	(2,651,000)	(2,774,000)	(2,774,000)	(+123,000)	
Consisting of:					
Mandatory	(22,066,727,000)	(23,342,095,000)	(23,342,095,000)	(+1,275,368,000)	
Discretionary	(18,910,072,000)	(18,807,642,000)	(18,976,063,000)	(+65,991,000)	(+168,421,000)

TITLE II					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Public and Indian Housing					
Housing Certificate Fund	9,373,000,000	8,981,187,705	10,240,542,030	+867,542,030	+1,259,354,325
Sec 8 reserve preservation account (rescission)	-2,347,190,000	....	....	+2,347,190,000	....
Expiring section 8 contracts	(8,180,000,000)	(7,190,645,675)	(9,600,000,000)	(+1,420,000,000)	(+2,409,354,325)
Section 8 amendments	(850,000,000)	(1,337,000,000)	(97,000,000)	(-753,000,000)	(-1,240,000,000)
Section 8 relocation assistance	(343,000,000)	(433,542,030)	(433,542,030)	(+90,542,030)	....
Regional opportunity counseling	....	(20,000,000)	(10,000,000)	(+10,000,000)	(-10,000,000)
Welfare to work housing vouchers	....	....	(100,000,000)	(+100,000,000)	(+100,000,000)
Subtotal	(7,025,810,000)	(8,981,187,705)	(10,240,542,030)	(+3,214,732,030)	(+1,259,354,325)
Welfare to work housing vouchers	....	283,000,000	....	....	-283,000,000
Annual contributions (rescission)	-550,000,000	....	....	+550,000,000	....
Public housing capital fund	2,500,000,000	2,550,000,000	3,000,000,000	+500,000,000	+450,000,000
Public housing operating fund	2,900,000,000	2,818,000,000	2,818,000,000	-82,000,000	....
Subtotal	5,400,000,000	5,368,000,000	5,818,000,000	+418,000,000	+450,000,000
Drug elimination grants for low-income housing	310,000,000	310,000,000	290,000,000	-20,000,000	-20,000,000
Revitalization of severely distressed public housing (HOPE VI)	550,000,000	550,000,000	600,000,000	+50,000,000	+50,000,000
Indian housing block grants	600,000,000	600,000,000	620,000,000	+20,000,000	+20,000,000
Title VI Indian federal guarantees program account	....	5,000,000	....	....	-5,000,000
Indian housing loan guarantee fund program account	5,000,000	6,000,000	6,000,000	+1,000,000	....
(Limitation on guaranteed loans)	(73,800,000)	(68,881,000)	(68,881,000)	(-4,919,000)	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
Capital Grants/Capital Loans Preservation Account					
Capital grants/Capital loans preservation account	10,000,000			-10,000,000	
Community Planning and Development					
Housing opportunities for persons with AIDS	204,000,000	225,000,000	225,000,000	+21,000,000	
Community development block grants	4,805,000,000	4,725,000,000	4,725,000,000	-80,000,000	
Economic development initiative		400,000,000			-400,000,000
Section 108 loan guarantees:					
(Limitation on guaranteed loans)	(1,261,000,000)		(1,261,000,000)		(+1,261,000,000)
Credit subsidy	29,000,000	29,000,000	29,000,000		
Administrative expenses	1,000,000	1,000,000	1,000,000		
Brownfields redevelopment	25,000,000	50,000,000		-25,000,000	-50,000,000
Empowerment Zones and Enterprise Communities	5,000,000			-5,000,000	
HOME investment partnerships program	1,500,000,000	1,883,000,000	1,600,000,000	+100,000,000	-283,000,000
Supportive housing program (rescission)	-6,000,000			+6,000,000	
Shelter plus care (rescission)	-4,000,000			+4,000,000	
Homeless assistance grants	823,000,000	1,150,000,000	975,000,000	+152,000,000	-175,000,000
Youthbuild program		45,000,000			-45,000,000
Total, Public and Indian Housing (net)	20,732,810,000	24,611,187,705	25,129,542,030	+4,396,732,030	+518,354,325

Housing Programs					
Housing for special populations	839,000,000	....	839,000,000	....	+839,000,000
Housing for the elderly	(645,000,000)	....	....	(-645,000,000)	....
Housing for the disabled	(194,000,000)	....	....	(-194,000,000)	....
Rental housing assistance:					
Rescission of budget authority, indefinite	-125,000,000	....	....	+125,000,000	....
Flexible Subsidy Fund	....	....	....	....	....
Federal Housing Administration					
FHA - Mutual mortgage insurance program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	....	....
(Limitation on direct loans)	(200,000,000)	(50,000,000)	(50,000,000)	(-150,000,000)	....
Administrative expenses	338,421,000	328,888,000	328,888,000	-9,533,000	....
Offsetting receipts	-333,421,000	-529,000,000	-529,000,000	-195,579,000	....
Non-overhead administrative expenses	....	200,000,000	200,000,000	+200,000,000	....
FHA - General and special risk program account:					
Program costs	81,000,000	81,000,000	81,000,000	....	....
(Limitation on guaranteed loans)	(17,400,000,000)	(18,100,000,000)	(18,100,000,000)	(+700,000,000)	....
(Limitation on direct loans)	(120,000,000)	(50,000,000)	(50,000,000)	(-70,000,000)	....
Administrative expenses	222,305,000	211,455,000	211,455,000	-10,850,000	....
Non-overhead administrative expenses	....	104,000,000	104,000,000	+104,000,000	....
Subsidy - multifamily	-18,000,000	....	....	+18,000,000	....
Subsidy - single family	-64,000,000	....	....	+64,000,000	....
Subsidy - Title I	-25,000,000	....	....	+25,000,000	....
Subsidies for FY 1999	....	-125,000,000	-125,000,000	-125,000,000	....
Total, Federal Housing Administration	201,305,000	271,343,000	271,343,000	+70,038,000	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
Government National Mortgage Association					
Guarantees of mortgage-backed securities loan guarantee program account:					
(Limitation on guaranteed loans)	(130,000,000,000)	(150,000,000,000)	(150,000,000,000)	(+20,000,000,000)	
Administrative expenses	9,383,000	9,383,000	9,383,000		
Offsetting receipts	-204,000,000	-370,000,000	-370,000,000	-166,000,000	
Policy Development and Research					
Research and technology	36,500,000	50,000,000	47,500,000	+11,000,000	-2,500,000
Fair Housing and Equal Opportunity					
Fair housing activities	30,000,000	52,000,000	40,000,000	+10,000,000	-12,000,000
Office of Lead Hazard Control					
Office of lead hazard control		85,000,000	80,000,000	+80,000,000	-5,000,000

Management and Administration					
Salaries and expenses	446,000,000	471,843,000	456,843,000	+10,843,000	-15,000,000
(By transfer, limitation on FHA corporate funds)	(544,443,000)	(518,000,000)	(518,000,000)	(-26,443,000)	
(By transfer, GNMA)	(9,383,000)	(9,383,000)	(9,383,000)		
(By transfer, Community Planning and Development)	(1,000,000)	(1,000,000)	(1,000,000)		
(By transfer, Title VI)		(200,000)	(200,000)	(+200,000)	
(By transfer, Indian Housing)		(400,000)	(400,000)	(+400,000)	
Total, Salaries and expenses	(1,000,826,000)	(1,000,826,000)	(985,826,000)	(-15,000,000)	(-15,000,000)
Office of Inspector General	40,567,000	34,507,000	49,567,000	+9,000,000	+15,060,000
(By transfer, limitation on FHA corporate funds)	(16,283,000)	(22,343,000)	(22,343,000)	(+6,060,000)	
(By transfer from Drug Elimination Grants)	(10,000,000)	(10,000,000)	(10,000,000)		
Total, Office of Inspector General	(66,850,000)	(66,850,000)	(81,910,000)	(+15,060,000)	(+15,060,000)
Office of federal housing enterprise oversight	16,000,000	16,551,000	16,551,000	+551,000	
Offsetting receipts	-16,000,000	-16,551,000	-16,551,000	-551,000	
Administrative Provisions					
Sec. 8 Portfolio Reengineering	-562,000,000			+562,000,000	
Single Family Property Disposition		-400,000,000			+400,000,000
Total, title II, Department of Housing and Urban Development (net)	21,444,565,000	24,815,263,705	26,553,178,030	+5,108,613,030	+1,737,914,325
Appropriations	(24,476,755,000)	(24,815,263,705)	(26,553,178,030)	(+2,076,423,030)	(+1,737,914,325)
Rescissions	(-3,032,190,000)			(+3,032,190,000)	
(Limitation on guaranteed loans)	(258,661,000,000)	(278,100,000,000)	(279,361,000,000)	(+20,700,000,000)	(+1,261,000,000)
(Limitation on corporate funds)	(581,109,000)	(561,326,000)	(561,326,000)	(-19,783,000)	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
TITLE III					
INDEPENDENT AGENCIES					
Department of Defense - Civil					
American Battle Monuments Commission					
Salaries and expenses	26,897,000	23,931,000	26,431,000	-466,000	+2,500,000
Chemical Safety and Hazard Investigation Board					
Salaries and expenses	4,000,000	7,000,000	6,500,000	+2,500,000	-500,000
Department of the Treasury					
Community Development Financial Institutions					
Community development financial institutions fund program account	80,000,000	125,000,000	80,000,000	....	-45,000,000
Consumer Product Safety Commission					
Salaries and expenses	45,000,000	46,500,000	46,000,000	+1,000,000	-500,000
Corporation for National and Community Service					
National and community service programs operating expenses	425,500,000	499,316,000	....	-425,500,000	-499,316,000
Office of Inspector General	3,000,000	3,000,000	....	-3,000,000	-3,000,000
Total	428,500,000	502,316,000	....	-428,500,000	-502,316,000

Court of Veterans Appeals					
Salaries and expenses	9,319,000	10,195,000	10,195,000	+876,000	....
Department of Defense - Civil					
Cemeterial Expenses, Army					
Salaries and expenses	11,815,000	11,666,000	11,666,000	-149,000	....
Environmental Protection Agency					
Science and Technology	631,000,000	632,090,000	656,505,000	+25,505,000	+24,415,000
Transfer from Hazardous Substance Superfund	35,000,000	40,200,800	40,000,000	+5,000,000	-200,800
Subtotal, Science and Technology	666,000,000	672,290,800	696,505,000	+30,505,000	+24,214,200
Environmental Programs and Management	1,801,000,000	1,990,150,000	1,856,000,000	+55,000,000	-134,150,000
Office of Inspector General	28,501,000	31,154,000	31,154,000	+2,653,000	....
Transfer from Hazardous Substance Superfund	11,641,000	12,237,300	12,237,000	+596,000	-300
Subtotal, OIG	40,142,000	43,391,300	43,391,000	+3,249,000	-300
Buildings and facilities	109,420,000	52,948,000	60,948,000	-48,472,000	+8,000,000
Advance appropriation, FY 2000	....	40,700,000	....	....	-40,700,000
Subtotal	109,420,000	93,648,000	60,948,000	-48,472,000	-32,700,000
Hazardous Substance Superfund	1,400,000,000	2,092,745,000	1,400,000,000	....	-692,745,000
Delay of obligation	100,000,000	....	100,000,000	....	+100,000,000
Transfer to Office of Inspector General	-11,641,000	-12,237,300	-12,237,000	-596,000	+300
Transfer to Science and Technology	-35,000,000	-40,200,800	-40,000,000	-5,000,000	+200,800
Subtotal, Hazardous Substance Superfund	1,453,359,000	2,040,306,900	1,447,763,000	-5,596,000	-592,543,900

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
Leaking Underground Storage Tank Trust Fund	65,000,000	71,210,000	70,000,000	+5,000,000	-1,210,000
(Limitation on administrative expenses)	(7,500,000)			(-7,500,000)	
Oil spill response	15,000,000	17,321,400	15,000,000		-2,321,400
(Limitation on administrative expenses)	(9,000,000)			(-9,000,000)	
State and Tribal Assistance Grants	2,468,125,000	2,028,000,000	2,348,475,000	-119,650,000	+320,475,000
Categorical grants	745,000,000	874,657,000	884,657,000	+139,657,000	+10,000,000
Subtotal, STAG	3,213,125,000	2,902,657,000	3,233,132,000	+20,007,000	+330,475,000
Working capital fund	(101,000,000)			(-101,000,000)	
Total, EPA for FY 1998/1999	7,363,046,000	7,790,275,400	7,422,739,000	+59,693,000	-367,536,400
Advance appropriations, FY 2000		40,700,000			-40,700,000
Executive Office of the President					
Office of Science and Technology Policy	4,932,000	5,026,000	5,026,000	+94,000	
Council on Environmental Quality and Office of Environmental Quality	2,500,000	3,020,000	2,675,000	+175,000	-345,000
Unanticipated needs	1,000,000			-1,000,000	
Total	8,432,000	8,046,000	7,701,000	-731,000	-345,000
Federal Deposit Insurance Corporation					
Office of Inspector General (transfer)	(34,365,000)	(34,666,000)	(34,666,000)	(+301,000)	

Federal Emergency Management Agency					
Disaster relief	320,000,000	307,745,000	307,745,000	-12,255,000	....
Contingent emergency funding	1,600,000,000	626,296,000	....	-1,600,000,000	-626,396,000
Pre-disaster mitigation	....	50,000,000	....	....	-50,000,000
Disaster assistance direct loan program account:					
State share loan	1,495,000	1,355,000	1,355,000	-140,000	....
(Limitation on direct loans)	(25,000,000)	(25,000,000)	(25,000,000)	....	....
Administrative expenses	341,000	440,000	440,000	+99,000	....
Salaries and expenses	171,773,000	172,438,000	171,138,000	-635,000	-1,300,000
Office of Inspector General	4,803,000	4,930,000	4,930,000	+127,000	....
Emergency management planning and assistance	243,546,000	206,674,000	231,674,000	-11,872,000	+25,000,000
Radiological emergency preparedness fund	....	12,849,000	12,849,000	+12,849,000	....
Collection of fees	....	-12,849,000	-12,849,000	-12,849,000	....
Emergency food and shelter program	100,000,000	100,000,000	100,000,000	....	....
National Flood Insurance Fund (limitation on administrative expenses):					
Salaries and expenses	(21,610,000)	(22,685,000)	(22,685,000)	(+1,075,000)	....
Flood mitigation	(78,464,000)	(78,464,000)	(78,464,000)	....	....
Administrative provision: REP savings	-12,000,000	....	....	+12,000,000	....
Total, Federal Emergency Management Agency	829,958,000	843,582,000	817,282,000	-12,676,000	-26,300,000
Emergency funding	1,600,000,000	626,296,000	....	-1,600,000,000	-626,296,000
Total	2,429,958,000	1,469,878,000	817,282,000	-1,612,676,000	-652,596,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
General Services Administration					
Consumer Information Center Fund	2,419,000	2,419,000	2,619,000	+200,000	+200,000
National Aeronautics and Space Administration					
Human space flight	5,506,500,000	5,511,000,000	5,309,000,000	-197,500,000	-202,000,000
(By transfer)	(53,000,000)			(-53,000,000)	
Advance appropriation, FY 2000		2,134,000,000			-2,134,000,000
Advance appropriation, FY 2001		1,933,000,000			-1,933,000,000
Advance appropriation, FY 2002		1,766,000,000			-1,766,000,000
Advance appropriation, FY 2003		1,546,000,000			-1,546,000,000
Advance appropriation, FY 2004		350,000,000			-350,000,000
Science, aeronautics and technology	5,690,000,000	5,457,400,000	5,541,600,000	-148,400,000	+84,200,000
Mission support	2,433,200,000	2,476,600,000	2,458,600,000	+25,400,000	-18,000,000
Office of Inspector General	18,300,000	20,000,000	19,000,000	+700,000	-1,000,000
Total, NASA for FY 1998/1999	13,648,000,000	13,465,000,000	13,328,200,000	-319,800,000	-136,800,000
Advance appropriation, FY 2000		2,134,000,000			-2,134,000,000
Advance appropriation, FY 2001 - 2004		5,595,000,000			-5,595,000,000
National Credit Union Administration					
Central liquidity facility:					
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)		
(Limitation on admin expenses, corporate funds)	(203,000)	(176,000)	(176,000)	(-27,000)	
Revolving loan program	1,000,000		2,000,000	+1,000,000	+2,000,000

National Science Foundation					
Research and related activities	2,545,700,000	2,846,800,000	2,745,000,000	+199,300,000	-101,800,000
Major research equipment	74,000,000	94,000,000	90,000,000	+16,000,000	-4,000,000
Delay of obligation	35,000,000			-35,000,000	
Large Hadron Collider, advance approp, FY 2000		15,900,000			-15,900,000
Advance appropriation, FY 2001		16,370,000			-16,370,000
Advance appropriation, FY 2002		16,860,000			-16,860,000
Advance appropriation, FY 2003		9,720,000			-9,720,000
South Pole Station, advance approp, FY 2000		22,400,000			-22,400,000
Advance appropriation, FY 2001		13,500,000			-13,500,000
Education and human resources	632,500,000	683,000,000	642,500,000	+10,000,000	-40,500,000
Salaries and expenses	136,950,000	144,000,000	144,000,000	+7,050,000	
Office of Inspector General	4,850,000	5,200,000	5,200,000	+350,000	
Total, NSF for FY 1998/1999	3,429,000,000	3,773,000,000	3,626,700,000	+197,700,000	-146,300,000
Advance appropriation, FY 2000		38,300,000			-38,300,000
Advance appropriation, FY 2001 - 2004		56,450,000			-56,450,000
Neighborhood Reinvestment Corporation					
Payment to the Neighborhood Reinvestment Corporation	60,000,000	90,000,000	90,000,000	+30,000,000	
Department of Defense - Civil					
Selective Service System					
Salaries and expenses	23,413,000	24,940,000	24,176,000	+763,000	-764,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

Agency and item (1)	Appropriated, 1998 (enacted to date) (2)	Budget estimates, 1999 (3)	Recommended in bill (4)	Bill compared with appropriated, 1998 (5)	Bill compared with budget estimates, 1999 (6)
Total, title III, Independent agencies, FY 98/99	25,970,799,000	26,723,870,400	25,502,209,000	-468,590,000	-1,221,661,400
Emergency funding	1,600,000,000	626,296,000		-1,600,000,000	-626,296,000
Total	25,570,799,000	27,350,166,400	25,502,209,000	-2,068,590,000	-1,847,957,400
Advance appropriation, FY 2000		2,213,000,000			-2,213,000,000
Advance appropriation, FY 2001 - 2004		5,651,450,000			-5,651,450,000
(Limitation on administrative expenses)	(116,574,000)	(101,149,000)	(101,149,000)	(-15,425,000)	
(Limitation on direct loans)	(625,000,000)	(625,000,000)	(625,000,000)		
(Limitation on corporate funds)	(203,000)	(176,000)	(176,000)	(-27,000)	
TITLE IV - GENERAL PROVISIONS					
FHA loan limits (sec. 424)			-83,000,000	-83,000,000	-83,000,000
VA - Medical and prosthetic research (sec. 424)			10,000,000	+10,000,000	+10,000,000
NSF - Research and related activities (sec. 424)			70,000,000	+70,000,000	+70,000,000
Total, title IV, General provisions			-3,000,000	-3,000,000	-3,000,000
Grand total for FY 1998/1999	88,392,163,000	93,688,871,105	94,370,545,030	+5,978,382,030	+681,673,925
Emergency funding	1,600,000,000	626,296,000		-1,600,000,000	-626,296,000
Total	89,992,163,000	94,315,167,105	94,370,545,030	+4,378,382,030	+55,377,925
Advance appropriation, FY 2000		2,213,000,000			-2,213,000,000

Advance appropriation, FY 2001 - 2004		5,651,450,000			-5,651,450,000
(By transfer)	(87,426,000)	(34,727,000)	(34,727,000)	(-52,699,000)	
(Limitation on administrative expenses)	(116,574,000)	(101,149,000)	(101,149,000)	(-15,425,000)	
(Limitation on direct loans)	(1,021,451,000)	(796,655,000)	(796,655,000)	(-224,796,000)	
(Limitation on guaranteed loans)	(258,661,000,000)	(278,100,000,000)	(279,361,000,000)	(+20,700,000,000)	(+1,261,000,000)
(Limitation on corporate funds)	(581,312,000)	(561,502,000)	(561,502,000)	(-19,810,000)	
Total amounts in this bill	89,992,163,000	102,179,617,105	94,370,545,030	+4,378,382,030	-7,809,072,075
Scorekeeping adjustments	32,100,000	-8,934,450,000	-1,070,000,000	-1,102,100,000	+7,864,450,000
Total mandatory and discretionary	90,024,263,000	93,245,167,105	93,300,545,030	+3,276,282,030	+55,377,925
Mandatory	22,066,727,000	22,276,095,000	22,276,095,000	+209,368,000	
Discretionary:					
Defense	128,413,000	130,940,000	130,176,000	+1,763,000	-764,000
Nondefense	67,829,123,000	70,838,132,105	70,894,274,030	+3,065,151,030	+56,141,925
Total, Discretionary	67,957,536,000	70,969,072,105	71,024,450,030	+3,066,914,030	+55,377,925

ADDITIONAL VIEWS OF HON. DAVID R. OBEY

There is one fundamental problem with this bill. It is that there are not sufficient resources in the allocations for the VA–HUD subcommittee to provide adequately for the needs identified by the Administration, the Congress, and the American people. In its current form, the bill would probably be vetoed by the President, and with good reason. The following are some of the provisions and funding levels that I hope will be modified as this measure moves through the process:

Only $1.5 billion is included for the Environmental Protection Agency's Superfund program. This amount is $650 million below the budget request and the level determined in last year's balanced budget agreement. Consequently, numerous contaminated toxic waste sites throughout the country will remain hazardous to people's health. In addition, the popular Brownfields program is reduced 18 percent below the request. For the second straight year, the Committee has included language limiting the Brownfields program to assessments; nothing is available for site cleanup. Apparently, the majority party has not seen the report issued by the U.S. Conference of Mayors in January. The summary of that report concludes: "Cities participating in the study identified several major obstacles to the redevelopment of brownfields. Cities ranked the lack of clean up funds as the number one impediment". Perhaps the majority party is operating under the misconception that the Brownfields program only benefits inner-city precincts of major metropolitan areas. That is most certainly not the case. As the mayors' document summarizes: "The report also finds that the proliferation of brownfields is a problem that affects communities of all sizes. Fifty-three cities or 36 percent of respondents were communities with populations of less than 50,000. Eighty-eight cities or 59 percent of respondents were communities with less than 100,000 population. These responses confirm that brownfields are not an isolated problem and can be found in communities of various sizes and locations."

The Committee funded the Administration's Climate Change Technology Initiative at only $99 million, less than one-half of the $205 million requested. In addition, very broad and vague bill and report language is included limiting the use of funds regarding activities related to the Kyoto Protocol on climate change. Although proponents of the provisions will undoubtedly say the intent of the language is only to prohibit implementation of the Kyoto Protocol until ratification of a treaty by the United States Senate, the effect of the provisions would be much greater. The EPA has ongoing activities to develop and issue regulations—under existing statutory authorities—that would be affected by the Kyoto provisions. Furthermore, the report language is too extreme. Its effect is to prohibit the Administration from providing information or educating the public on the "policies underlying the Kyoto protocol". It appears the opponents of any response to global warming are using popular concerns with the Kyoto Agreement to undermine any public discussion of the underlying issues. But whatever the facts, the government in general and the Congress in particular should not stifle a full discussion of an issue with such potential import. There is no understanding of what the "policies underlying the Koyto Protocol" are. Once again, there are many ongoing Administration activities with separate existing legal authorities that could be construed by some as "underlying the Kyoto Protocol". Thus, such language invites both confusion and confrontation.

As reported, the bill contains no funding for the Corporation for National and Community Service, or AmeriCorps. Language has been included to terminate the program. The House Republican leadership knows without a doubt that there will be no bill signing without funding for AmeriCorps. The Administration has made its support of AmeriCorps abundantly clear. Despite this, the Republican leaders once again have elected to support a charade of cutting or eliminating AmeriCorps funds in the House knowing the conference agreement will restore them.

There are a number of instances in this bill in which the Committee accommodated special interests at the expense of the public good. Certain of these provisions have been crafted as innocuous-sounding items in the Committee report—and consequently immune to amendment on the House Floor. Most of these items deal with sensitive environmental and consumer issues. Sponsors of these provisions may state that their goals are to gain additional knowledge and more scientific data before final decisions are made. In most cases, however, their true objectives are to delay regulatory actions from proceeding under normal processes. Examples of these special interest provisions include one requiring additional studies and reports for flame retardant chemicals, ground-level ozone, mercury emissions, and remediation techniques for sediments contaminated with polychlorinated biphenyls.

Unfortunately, this bill continues the shabby treatment of veterans repeatedly demonstrated by this Congress. Last year's balanced budget agreement called for significant cuts in veterans programs with funding levels below the amounts proposed by the Administration. This year the assault on veterans has been almost nonstop. First the highway bill used nearly $15 billion in veterans tobacco related benefits to offset increased spending on special demonstration projects. Then the belated budget resolution called for an additional $10 billion in cuts in mandatory veterans programs. And now this bill again underfunds veterans medical care. Elsewhere in this report there is a statement that the Committee has provided an increase for medical care, to maintain the 1998 level. While technically true at the account level, this is accomplished only by abusing the delayed equipment obligation funding gimmick. Discounting this artifice, the amount provided for veterans medical care is $276 million less than the 1998 level. According to the Independent Budget issued by major veterans service organizations, the Committee's recommendation is $525 million below the 1999 current services level, and nearly $1.8 billion below their recommended 1999 funding amount.

In conclusion, I agree with the Administration that this measure is highly flawed, and I will work on the House Floor and in conference to improve it.

DAVID OBEY.

WHY IS THE FEDERAL BUDGET BALANCED?

Fiscal Year 1998 will mark the first balanced budget in 29 years. On May 5, 1998 the Congressional Budget Office revised its surplus estimate once again predicting that the 1998 surplus will be between *$43 billion and $63 billion*. The OMB's Mid-Session Review issued on May 26, 1998 predicts a 1998 surplus of *$39 billion*. This is a remarkable turnabout given that as recently as FY 1992, the Federal deficit was $290 billion. This surplus—

Is the culmination of six years in a row of successively improved fiscal balances, the longest such period of improvement in history;

Will cause the debt burden to shrink for the fourth year in a row (i.e., debt held by the public as a share of GDP); and

Will cause the mandatory net interest payments to start shrinking as a share of the budget and as a share of the economy—leaving more room in the budget for productive activities.

Soon after these new surplus projections were released, the Majority Party issued a flurry of press releases making the claim that so-called "Balanced Budget" legislation and other bills enacted by Congress last year are responsible for this turnabout. Such claims are simply not credible. Just as it took years of fiscal imprudence in the 1980's and early 1990's to build up to $290 billion deficit by 1992, it took years of adhering to disciplined and responsible fiscal and monetary policies since 1992 to dig out of this deficit position.

WHAT CAUSED THE 1998 SURPLUS?—CBO'S EXPLANATION

So what are the precise reasons for this dramatic turnaround since President Bush left office with a $290 billion deficit? The CBO has issued data that answers this question objectively and decisively.

According to the CBO data, the remarkable fiscal turnabout has been due to three primary factors:

An improved economy with six years of sustained growth;

Legislation passed by the 103rd Democratic Congress in 1993 and 1994;

A slower rise in the cost of medical care (e.g., Medicare/Medicaid) than projected.

Conspicuously absent from CBO's analysis of reasons for the 1998 surplus is the fiscal effect of laws enacted by Republican congresses between 1995 and the present date. The reason for this is that the COB actually toes up legislation enacted in the period that Republicans have been in control of Congress as raising the deficit by more than it cut in 1998. The sum total of laws passed by the 104th and 105th Republican Congresses will cost the Treasury roughly $11,000,000,000 more in FY 1998 than they saved.

In January 1993 when President Clinton took office, CBO made the alarming prediction that the federal deficit for the next five years would go through the roof—to $357 billion by fiscal 1998. This was despite the fact that the economy was expected to improve over that five-year timeframe. Since then, we have been able to wipe out this $357 billion deficit and build a surplus of $43 billion—a net change of $400 billion.

The CBO attributes this astounding turnaround to the following major reasons:

Major Reasons for the FY 1998 Surplus

	CBO estimate (billions)
Projected FY 1998 Deficit (Jan. 1993 CBO forecast)	$357
Major Factors for Fiscal Change Since 1992:	
Improved economy (revenues higher/.entitlement costs lower than 1993 forecast)	[1] −210
Democratic Congress (budgetary effect of legislation passed in 1993 & 1994)	−141
Health care costs (lower cost increases for Medicare/other health care programs than 1993 forecast	−411
Total Deficit Reduction	−411
Republican Congresses (budgetary effect of legislation passed 1995-present)	+11
Total Fiscal Change	−400

[1] Minimum.

Despite claims to the contrary, CBO data show that the combined fiscal effect of the laws enacted by the 104th and 105th Republican Congresses is to add $11,000,000,000 more to the deficit than it cut in Fiscal Year 1998.

Clearly the COB numbers confirm that the major credit for creating the 1998 surplus must go to actions of the 103rd Democratic Congress, which not only produced real net savings of $141 billion, but created the conditions necessary to adopt pro-growth monetary policies that have been very successful. The centerpiece of this effort, the deficit reduction bill passed in 1993, was described as follows by Federal Reserve Chairman Greenspan:

> There's no question that the impact of bringing the deficit down [through the 1993 budget bill] set in place a series of events—a virtuous cycle, if I may put it that way—which has led us to where we are. [In testimony before the House Budget Committee, March 4, 1998.]

The facts show that the 1998 budget is balanced despite Republican legislative efforts, not because of them.

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